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Thousands Hold Nonviolent Protest at Bonn Defense Ministry Participants Outnumbered By Police; Roads Kept Open

By Henry Tanner
International Herald Tribune

BONN Several thousand young anti-nuclear demonstrators staged a daylong sit-down protest Friday on the access roads to the West German Defense Ministry outside Bonn, and hundreds let themselves be carried off by police in what looked like a carefully prepared spectacle of mutual restraint.

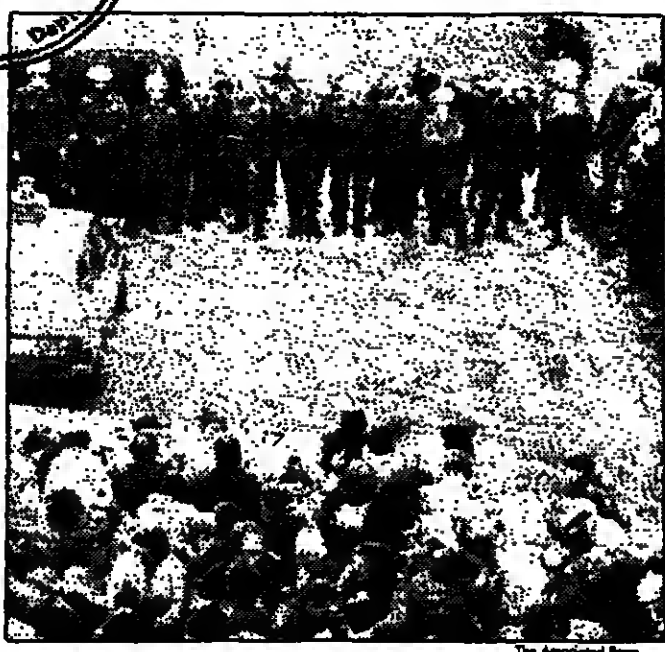
There was tension and at times anger, but no serious violence. Friday's demonstration was part of a 10-day protest in West Germany against the deployment of 572 Pershing-2 and cruise missiles by the North Atlantic Treaty Organization. The deployment is to begin in West Germany, Britain and Italy in December.

The organizers had billed Friday's operation as a blockade of the ministry, saying they would cut off access to officials and others and thus prevent the installations from functioning. The government had served notice that force would be used if necessary to keep access roads open and assure normal operations.

The result was a blockade that remained symbolic. Police, far outnumbering the demonstrators, let them settle on their mats and plastic blankets on one of the major access roads all day while keeping the other seven entrances open. The sprawling establishment is on Hardthöhe, a hill overlooking the capital three miles (five kilometers) away.

About 200 to 300 demonstrators were forcibly removed at the point where a road entering the ministry complex leaves the superhighway leading to Bonn.

Groups of a few dozen young people each were left sitting on two lanes of the highway but not on the



Police near Bonn formed a line across from protesters on a sit-down strike on a road leading to the Defense Ministry.



Britain and France Affirm Missile Plan Commitment

The Associated Press

LONDON — President François Mitterrand of France and Prime Minister Margaret Thatcher of Britain reaffirmed Friday that NATO must deploy new American missiles unless there is an agreement in the Geneva arms talks.

Concluding a two-day annual meeting, the two leaders said at a news conference that they were in virtual accord on East-West issues and arms control. But neither indicated substantial progress toward resolving financial issues in the European Community.

Referring to the U.S.-Soviet talks on intermediate-range nuclear weapons, Mrs. Thatcher said, "We both resolved that should the arms talks not result in zero option at the end of this year, the cruise and Pershing must be deployed."

Under the zero option, the initial U.S. proposal in the talks, the Soviet Union would dismantle its intermediate-range missiles aimed at Western Europe, and the North Atlantic Treaty Organization would abandon its plan to deploy 572 cruise and Pershing-2 missiles.

Mr. Mitterrand said he agreed with Mrs. Thatcher's view. "France is opposed to any Euro-missiles," he said. "But since they (the Soviet missiles) are already there, there must be equilibrium or balance at the lowest possible level."

Mr. Mitterrand and Mrs. Thatcher also rejected Soviet insistence that their own nuclear forces be included in the Geneva talks.

The toughest issue for Mr. Mitterrand and Mrs. Thatcher and their ministers was the EC budget.

Another attempt will be made at a meeting of European leaders in December in Athens to reduce farm spending and to work out a more even sharing of EC expenses.

Britain and West Germany are the two major net contributors to

Nicaragua Offers U.S. 4 Pacts on Central America

By Patrick E. Tyler
Washington Post Service

WASHINGTON — Nicaragua has submitted to the Reagan administration a package of four binding accords under which the leftist Sandinista government would pledge not to support guerrillas in El Salvador if the United States would stop supporting and Sandinista rebels in Nicaragua.

Foreign Minister Miguel D'Escoto Brockmann presented the draft documents Thursday in Spanish, accompanied by unofficial English translations, to Assistant Secretary of State Langhorne A. Motley during an hour-long meeting at the State Department.

The four documents, which deal with U.S.-Nicaraguan relations and relations among the countries of Central America, represent the most substantive and specific offer by the Sandinistas to stop the flow of any arms traffic across their territory to leftist guerrillas in El Salvador.

The proposed accords would permit on-site inspections of Nicaragua and its neighbors and provide for fines and international legal penalties against any country violating the terms of the agreements.

In one of the documents, a proposed treaty with the United States, Nicaragua pledges that "it will not permit" its territory "to be utilized to affect or to threaten the security of the United States or to attack any other state."

A senior Sandinista official said this provision would prohibit the establishment of Cuban or Soviet military installations in Nicaragua. [A State Department spokes-

Andropov's Rival Loses Party Post

Compiled by Our Staff From Dispatches

MOSCOW — Konstantin U. Chernenko, a rival to President Yuri V. Andropov and a close associate of the late President Leonid I. Brezhnev, has lost an influential position in the Soviet Communist Party, a party spokeswoman said Friday.

A spokeswoman for the General Department of the party's Central Committee confirmed, in response to a query, that Mr. Chernenko, 72, had left his position as department head. She refused to answer other questions.

A Western diplomat, experienced in observing Kremlin changes, said that the move was a firm indication that Mr. Andropov was depriving his rival of influence by stripping his own grip on power. Before Mr. Brezhnev's death last November, Mr. Chernenko had been considered a leading candidate to succeed him.

In another development, Bulgarian sources said Friday that Mr. Andropov had postponed a coming trip to Bulgaria until November, prompting speculation that he may be ill.

They said Mr. Andropov, who has not been seen publicly since August, postponed the trip planned for next week until after the Soviet Union's National Day on Nov. 7, but gave no reason for the decision.

Western diplomats speculated that the 69-year-old leader was in poor health, but had no idea of the nature of the illness. Soviet officials have refused to comment on Mr. Andropov's health.

Foreigners who have recently met Mr. Andropov say that he is frail and gaunt and has trouble controlling his left hand. Visitors, such as the French external relations minister, Claude Cheysson, and the West German chancellor, Helmut Kohl, have spoken highly of Mr. Andropov's mental faculties.

Diplomats said of Mr. Chernenko's demotion that there were clear indications he had lost the post last December, shortly after Mr. Brezhnev's death.

The General Department, which he headed, registers and checks all incoming and outgoing secret documents dealt with by the policy-setting Central Committee. It also issues party membership cards, keeps party archives and is in charge of the letters department, the organization that deals with letters of complaint addressed to the Central Committee.

Mr. Chernenko was considered a protégé and major ally of Mr. Brezhnev and his successor Mikhail A. Suslov as chief party ideologist when Mr. Suslov died earlier in 1982.

His demotion is widely seen by Western analysts as crucial to Mr. Andropov's attempts to consolidate his position and push through changes in the party hierarchy. Mr. Chernenko is believed to be favored by party officials opposed to



Konstantin U. Chernenko

Economic Decline Transforms Brazil's Swagger to Despair

By Warren Hoge
New York Times Service

RIO-DE JANEIRO — One morning while joggers passed by on the shorefront and rush-hour traffic began to back up, a fully dressed man walked purposefully to the beach in Rio's wealthy Leblon neighborhood. He placed a small Bible at the water's edge, dove into the breakers and swam out to sea until he disappeared.

He left no note to explain his desperation; perhaps he reasoned that none was needed. Hopelessness, a sentiment considered out of character or even subversive in Brazil until recently, now seems to be the national mood.

"In the 60 years in which I have been working in Brazil, this is the first time that I find my feelings dominated by pessimism," wrote Adolpho Bloch in *Manchete*, a popular magazine of which he is the founder and director.

Headlines tell almost daily of bankruptcy of major companies, overpasses have become shelters for homeless families and mobs of poor are looting food stores. There are no unemployment lines, but in Brazil there are no out-of-work benefits to line up for.

Rio remains staggeringly beautiful, but there is a sense of decay. People express hopes that the continued tightening of the economy to ease the country's indebtedness will not provoke a social convulsion, but no one sees a way out.

Brazilians have never shown a bent for organized redress of grievances. The conditions in which most of them live have long been the kind that have produced revolutions elsewhere.

The nature of Brazil's decline is distinct from that of its neighbors not only because, with \$90 billion in loans, it owes the most but also because the hopes that are being dashed were literally boundless.

When every centimeter of coastline in the city had become occupied years ago, Rio's builders filled in the sea and extended civilization into the bays. On the southern border, Brazilians inaugurated the world's largest hydroelectric dam, a 12,600-kilowatt behemoth 62 stories high and more than 90 city blocks long. São Paulo became the developing world's most productive city.

While local customs recalled many of those of the United States with local brands of cowboys and gold prospectors, fast-food stands, rock music and the growing dominance of the automobile, the country's foreign policy-makers cast off longtime fealty to the Americans.

The Brazilians participating in this heady activity have a variety of ethnic backgrounds. Brazil's Attorney General is Ibrahim Abi-Akkel, the head of its petroleum monopoly is Shigeaki Ueki, the son of one of the oldest companies is Israel Klabin. Walter Clark is a leading theater and film producer, the director of the National Banker's Association is Jorge Bornhausen, the most famous industrial family is named Matarazzo, and three-quarters of the residents of the traditional cultural capital, Bahia, are of African descent.

This created a sense of optimism almost as big as Brazil itself, the fifth largest nation in the world. Brazilians felt that their *jeitinho*, a Portuguese slang word connoting street-smart resourcefulness, gave them an edge over their neighbors.

Now, Brazil faces the certainty that it will be unable to meet payments on its foreign debt without a continuing commitment to austerity that has spelled a halt to its nation-building ambitions.

This is not all bad. Brash conviction covered up a host of ills from unthoughtful government and business corruption to poverty, shortages of essential services and an inattention to education unmatched in even the poorest nations.

From 1968 until the beginning of the political "opening" in the late 1970s, Brazilians endured a military rule that resorted to all the sordid practices of jackboot dictatorship: like beatings, torture and disappearances.

The 19 years of military rule have intensified the unequal distribution of riches. There are more than 20 million abandoned children in Brazil. Infant mortality has climbed to 250 out of 1,000 in the most poverty-ridden part of the country, drought victims are starving or trying to live off desert rats and chameleons.

Brazilians are free to read about such things in their newspapers, watch them on television and hear them denounced in public. This recent phenomenon has produced what could be the germ of a new and more lasting kind of hopefulness.

Recently, Brazilians raised millions of dollars and thousands of tons of food and clothing for victims of floods in the south and droughts in the northeast. Two campaigns, organized by television networks, accomplished what the government did not do because of mismanagement and corruption.

The crisis has caught Brazil at a critical moment in its liberalization program, which has drawn admiration from abroad. It has brought the freeing of political prisoners, the lifting of censorship, elections last November for every office but the presidency and an amnesty for thousands who were exiled or stripped of their civil rights.

But, at the very moment that economic necessity is demanding coherent leadership, the political illegitimacy of the military-selected president, General João Baptista Figueiredo, has been shown up by the fact that all other public officeholders were elected.

General Figueiredo's successor is to be a civilian chosen in January 1985 by an electoral college controlled by the government party rather than in a free election. More than 70 percent of Brazilians believe there ought to be direct presidential elections, according to polls.

General Figueiredo's firmness in proceeding with liberalization in the face of a clandestine bombing campaign and labor unrest earned him great popularity in the first half of his six-year term.

But that same discipline has proved unequal to the present task of political negotiation with elected representatives expressing the dismay of their constituencies. He told associates that, if he could have his way, he would give up his job, go home and leave Brazil's immediate future to others.

Janio Quadros, another president of Brazil who felt frustrated, did just that in 1961. The result was a slide into chaos, a military coup and the beginning of the cycle whose melancholy end is being played out today.

Jumblat Will Boycott Geneva Talks If They're Held at Lebanese Embassy

United Press International

BEIRUT — Walid Jumblat, the leader of Lebanon's Druze Moslems, issued conditions Friday for holding peace talks in Switzerland with representatives of the government and other factions.

Mr. Jumblat's latest demands came as Druze forces fought Lebanese Army troops in the mountains east of Beirut, and as their representative boycotted a scheduled meeting of the committee charged with supervising a cease-fire that went into effect on Sept. 26.

In a statement issued less than 24 hours after Lebanon's warring factions agreed on Switzerland as the site of the talks, Mr. Jumblat insisted that the meeting not be held at the Lebanese Embassy.

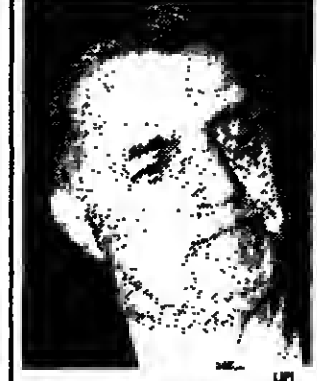
He also demanded that Lebanon's Christian president, Amin Gemayel, and the country's Christian militias be considered a single negotiating partner.

That condition was likely to be rejected. The government has insisted that it is an arbiter, and not a party, to the conflict.

"There is unanimous agreement on Switzerland as the venue, but there are enough difficulties to delay the formal opening of the peace talks," a government official said.

One of them was the question of finding facilities for the conference. In Beirut, a government official con-

INSIDE



Walter F. Mondale has apologized for calling Senator John Glenn "an anti-Democrat."

More than 35 espionage cases are being investigated in California's "Silicon Valley," a U.S. official said.

The Bank of Japan said it cut its discount rate 1/2 point, to 5 percent.

The M-1 measure of the U.S. money supply jumped \$2.4 billion, the Fed reported.

16 Killed, 130 Injured in Punjab In a Derailment Blamed on Sikhs

By William K. Stevens
New York Times Service

NEW DELHI — At least 16 passengers were killed Friday in Punjab in a train derailment caused by terrorists, the police said. More than 130 persons were reported injured.

Police sources said the extremists had ripped up about 15 feet (4.5 meters) of track south of the Punjab capital of Chandigarh. Officials said it was the worst single incident so far in a series of terrorist acts that have grown out of a civil-disobedience campaign for greater independence and autonomy for Sikhs, members of a religious sect who consider Punjab their homeland.

The train wreck came after two days in which paramilitary forces of the central government raided hideouts of what the government calls Sikh extremists, killing one person and arresting 15. The raids were the first since the government took over direct rule of Punjab state two weeks ago, and they were seen as the beginning of a concerted attempt to smash terrorist activities.

The derailment Friday, recorded as a sabotage by the police, took place on the main-line Northern Railway near the Punjab town of Paniala, south of Chandigarh. Police sources said 11 of the 17 coaches of the Sealdah Express, bound for the northern Indian city of Jammu, had left the tracks as the train traveled at 50 miles (80 kilometers) an hour shortly after midnight.

Twelve of the dead were laborers from the eastern Indian state of Bihar, a poor area that sends many people to Punjab, India's breadbasket and its most prosperous state, to work on farms. Most Biharis are Hindus, and much of the recent terrorism has been directed at Hindus.

Twenty-eight of the injured were said to be in critical condition at hospitals in nearby towns. The Frontier Mail, another train that was following the Sealdah Express, was converted into a relief train to ferry stranded but unharmed passengers back to Ambala, the town from which the wrecked express had come.

Sant Harmandir Singh Longowal, the leader of the nonviolent campaign in behalf of Sikh rights that began more than a year ago, strongly condemned the sabotage. The terrorists, he said in Amritsar, the Sikh holy city, were enemies of the people and the country.

Mr. Longowal appeared to disassociate himself further from Sikh extremists. A number of commentators have been urging him to suspend his campaign until the terrorists are brought under control.

U.S. Is Reported To Send Ships Toward Grenada

United Press International

WASHINGTON — A 10-ship task force carrying 1,900 Marines was diverted from a course to Lebanon on Friday and headed toward Grenada to signal U.S. intentions to protect American citizens there, Pentagon sources said.

The force, headed by the helicopter carrier Saipan, received orders Friday from its position in the eastern Caribbean, the sources said.

The sources said there were no intentions to land the Marines on the island, where the military overthrew the government.

The newly ruling Revolutionary Military Council said none of the 1,000 Americans on the island, most of them medical students, was hurt during the coup. [Earlier story, Page 2.]

Grenada Junta Called Front for Marxist

Ideologue Bernard Coard Took Control of Island in Coup, Observers Say

By William D. Montalbano

Los Angeles Times Service

MIAMI — It started as a philosophical debate among revolutionary friends on a tropical island. It ended with the execution of one Marxist by a more dogmatic one in a grab for power.

That is how West Indian sources describe the bloody coup in Grenada this week that left Prime Minister Maurice Bishop and three cabinet ministers dead and the country nominally under the control of a ragtag teen-age army.

Western sources here, in Barbados, and in Trinidad all said they had heard accounts by witnesses who asserted that Mr. Bishop and his chief aides were executed Wednesday.

The People's Revolutionary Army of Grenada, commanded by Hudson Austin, a correspondence school engineer-turned-jailer-turned-general, has said the deaths came in a battle with troops.

Grenada, a mountainous island with a population of about 111,000 inhabitants situated between Barbados and Trinidad near the Venezuelan coast, was closed to the outside world Thursday amid a 24-

hour curfew the army said would last until Monday.

Although the information was sketchy and based on reports of travelers and infrequent telephone contacts, the sources said political power in Grenada now rests with Bernard Coard, an ambitious Marxist ideologue who had been Mr. Bishop's friend and deputy prime minister.

Mr. Coard's name, however, was not mentioned as a member of a 16-member Revolutionary Military Council identified Thursday as the new ruling junta. The Associated Press reported.

Mr. Coard apparently won support of the 2,000-man security forces at the climax of what began as an internal struggle for power within Mr. Bishop's New Jewel Movement, which has ruled Grenada since taking power in a 1979 coup, the sources said.

"This was the struggle between the charismatic leader and the apparition. The apparition won," said Anthony Maimot, a West Indian specialist at Florida International University.

Mr. Maimot, who taught in the same department with Mr. Coard in Trinidad during the 1970s, de-

scribed him as an intelligent, dogmatic Marxist. "He's an organization man, but of the bullying type. I can't imagine he has any popular support."

Prime Minister Bishop, though also a Marxist, was, by contrast, charismatic and almost a populist. He had wide support in Grenada, even among people who opposed his laid-back Caribbean brand of Marxism.

President Fidel Castro of Cuba took a fatherly interest in and liking to Mr. Bishop and donated Cuban resources to start building Grenada a new international airport. The United States has said the airport threatens its national security because of its strategic location alongside oil routes and Grenada's friendship with Cuba.

"From what we hear, it is now Coard backed by the Russians," said Ken Gordon, whose newspaper, the Trinidad Express in Port of Spain, is a close observer of events in neighboring Grenada. "You have only to talk to Austin to know that he is barely more than a literate."

Mr. Coard, a more orthodox Marxist than Mr. Bishop, believed that the party, not the personality,

should rule. He called for power-sharing and collective leadership, Mr. Gordon said.

The two apparently argued with particular rancor over two national issues.

Mr. Bishop had ordered the writing of a new constitution and talked of elections. Mr. Coard apparently feared, however, that elections would solidify Mr. Bishop's control at the expense of the party.

Mr. Coard also favored harsh treatment for the more troublesome of about 80 political prisoners the government held, but the prime minister would not allow it, Mr. Gordon said.

Curfew Briefly Lifted

The army junta running Grenada lifted its strict curfew for four hours Friday to allow people to buy food and supplies for the weekend, wire services reported in Bridgetown, Barbados.

The junta also identified its members, all army officers.

An announcement on state radio said the curfew would resume in "full force" at 2 P.M. and that people found on the streets from then until 6 P.M. Monday would risk being "shot on sight."



Bernard Coard



General Hudson Austin

Among the 16 members of the new Revolutionary Military Council, the only former cabinet minister was the council's chairman, General Hudson Austin, who was chief of the army.

General Austin also headed the Ministry of Labor, Communications and Works.

U.S. Supplies, Training Beef Up Lebanese Army

By B. Drummond Ayres Jr.

New York Times Service

WASHINGTON — The United States has shipped large quantities of military equipment and ammunition to Lebanon since the latest cease-fire was declared there, considerably improving the combat ability of the Lebanese Army, according to Defense Department officials.

While many of the supplies, including 68 M-48 tanks, armored personnel carriers, cannon and ammunition, were requested before the cease-fire, many began to arrive just as it took effect Sept. 26. As a result, the officials say, the Lebanese have had ample time to absorb the new goods and hardware.

The cease-fire has given the 100 or so American military advisers in Lebanon a good opportunity to train more units. One Pentagon official says the Lebanese Army is now "70 percent trained and the best they've ever had," although he adds that "it's all relative because so many problems still remain."

The new supplies included tanks drawn from National Guard units around the United States. "We wanted them fast," one official said. Some other shipments, especially ammunition, have also been rushed in to take advantage of the lull, Pentagon sources said.

Although the army is better-supplied and better-trained, it still has problems, the most serious being the possibility that the factionalism dividing Lebanese society might rip the army apart. Since fighting between Christian and Druze forces in the mountainous Chuf region, 600 Druze officers and soldiers have declared that they are conscientious objectors. Among them is the army's chief of staff, Nadim al-Hakim.

Congress Extends U.S. Jobless Fund

The Associated Press

WASHINGTON — Congress approved Friday and sent to the White House a compromise \$4.7-billion measure to extend an emergency unemployment program through March 1985.

The House approved the bill 300-5 and the Senate adopted it by a unanimous voice vote. President Ronald Reagan is expected to sign it.

The supplemental unemployment program, which now has 624,500 recipients, has technically expired, although no one has been affected. The program serves the long-term unemployed who have used up their regular benefits, which range from 26 to 30 weeks.

U.S. officials believe the new tanks just received by the Lebanese — they now have more than a hundred M-48s, each with a 105-mm gun — will give the army not only more punch but a major psychological boost. "A tank is a real power symbol," one said. "You put one of them at each intersection in Beirut and the man in the street will think twice about which side to join."

During the cease-fire, U.S. trainers working with the army have put heavy emphasis on basic individual and small-unit skills. But they have also been teaching command and communication procedures and proper expenditure of ammunition.

Pentagon sources say the Lebanese Army demonstrated surprising proficiency and gained invaluable experience and esprit in the heavy combat that preceded the cease-fire. But, they said, it was sorely lacking in vital command and communications procedures.

At one point, according to one report, Lebanese commanders' communications were inadequate, resulting in a panic call to the U.S. Navy for supporting gunfire for a unit that was said to be on the verge of collapse. In fact, it was not.

As for ammunition expenditure, the Pentagon sources say that at one point shortly before the cease-fire, undisciplined Lebanese artillerymen were firing off rounds so furiously that stocks fell to within a 48-hour supply, necessitating an emergency resupply.

"They were firing 155-mm cannon rounds like M-16 rifle rounds, which we've now impressed upon them that they can't do," one Pentagon official said. "To get them out of danger, we suddenly had to draw down on some of our ammunition stocks in Europe, then, rush the stuff to Beirut, which wasn't easy. The airport was closed there and a lot of countries didn't want us transshipping sensitive military goods into their airfields and then out through their ports."

Forces opposing the army generally receive their supplies overland, over the Syrian frontier. Defense Department sources are guarded about their knowledge of such shipments; they say they have little evidence of any unusual supply activity during the cease-fire.

While U.S. military officials seem pleased with the newly proficient and resupplied Lebanese Army, they continue to express deep concern about its tendency toward factionalism.

"This is the best army the Lebanese have ever had, no doubt about it," one official said. "It's beginning to take on some of the look of our light infantry. But like most armies, the Lebanese Army tends to be a mirror of its society, and that makes for a vicious circle."



SPANISH PROTEST — Government and political leaders carried a banner through Madrid Friday to protest terrorist attacks by the Basque separatist organization ETA. Hundreds of thousands marched throughout Spain in a demonstration prompted by the murder of an army captain kidnapped by ETA. His body was found on Wednesday.

Russia Speeds Up Plans for Building Super Icebreakers Amid Arctic Crisis

Reuters

MOSCOW — The Soviet Union plans to build a new generation of "super icebreakers" in response to the crisis in the Arctic Ocean, where four convoys of freighters are trapped by thick pack ice, the Tass news agency reported Friday.

The agency said a special meeting of scientists and shipbuilders in Leningrad had resolved to speed up plans to renew the Arctic cargo fleet and construct nuclear-powered icebreakers twice as powerful as those now in operation.

The Soviet Union has the world's largest icebreaker fleet but only one vessel, the nuclear-powered Leonid Brezhnev, has proved able to force a path through the compacted ice floes where about 35 ships are now trapped north of Siberia. Recent reports said the Brezhnev itself had been immobilized for two days after ice sheared off a propeller blade.

Construction of a new generation of icebreakers has been under discussion in the Soviet Union for some years, but the Tass report made clear that the authorities had now decided to act.

It said the planners hoped that the new vessels would be in service by the end of the century and would keep navigation channels open all year round.

The Soviet Foreign Ministry barred Western correspondents from traveling to Pevek Friday, the eastern Siberian coastal town that has become an emergency operations center, saying that it was "closed for reasons of a temporary nature."

Ministries Criticized

Earlier, Druke Doder of The Washington Post reported from Moscow:

The Soviet Communist Party newspaper Pravda criticized a number of government ministries Thursday for the stranding of ships in frozen seas.

It disclosed that at least 30 ships have been damaged and will have to undergo lengthy repairs.

Pravda said it was wrong to blame the Arctic weather for the situation in which initially about 90 vessels were trapped in the eastern Arctic when polar winds produced a sharp drop in temperatures three weeks ago and sealed off navigation channels.

Pravda censured the ministries in charge of transportation and port facilities, mining and energy for their failure to take precautionary measures while aware of existing problems.

East Bloc Warns It Will Not Accept Inferior Position

New York Times Service

MOSCOW — Defense ministers of the Warsaw Pact concluded what they called an "extraordinary meeting" Friday in East Berlin by announcing that "under no circumstances will they allow military superiority to be reached over them," and that they had adopted a "corresponding decision."

The statement, published here by Tass, offered no indication of the decision made, but it made clear that the subject had been the Soviet bloc's response to the impending deployment of Pershing-2 and cruise missiles in Western Europe.

A related announcement on Tass said that the military council of the joint armed forces of the Warsaw Pact, joining the commanders of the alliance, would meet in the Soviet Union later this month.

Soviet officials have repeatedly warned that deployment of the new U.S. weapons, scheduled to start in December unless an arms agreement is reached before then in Geneva, would be met with new Soviet threats to Western Europe and the United States. They have suggested that this is likely to include upgraded Soviet nuclear weapons in East Germany and Czechoslovakia.

Thousands Protest at Bonn Defense Ministry

(Continued from Page 1)

In Bonn, about 300 young people held a vigil across the street from Chancellor Helmut Kohl's office.

In West Berlin, about 3,000 marchers staged a demonstration. And in New Ulm, near Stuttgart, several hundred demonstrators blocked the main entrance to a U.S. Army base.

Defense Minister Manfred Wörner called the blockade of the Defense and International Cooperation ministries a failure because the protesters could not keep the government workers out. Representatives of the peace movement proclaimed the day a success because it remained nonviolent.

Protests Planned Elsewhere

Organizers expect hundreds of thousands of people to take part in anti-nuclear protests elsewhere in Western Europe this weekend, Reuters reported from London.

The biggest demonstrations, which organizers hope will draw at least 250,000 each, will take place Saturday in London and Rome.

In Stockholm and Paris, anti-nuclear groups said they would link hands Saturday between the U.S. and Soviet embassies.

About 150,000 people are expected to take part in a rally Sunday in central Brussels.

In the United States, weekend demonstrations are planned in

It said meteorologists had given shipping authorities an entirely wrong forecast, assuring them that navigational channels along the Siberian coast would remain ice-free until Oct. 6.

But, the paper continued, one of the main causes of the disaster was the fact that most ships were behind schedule because of delays in loading and unloading.

Moreover, port facilities along the Siberian coast were described as "completely inadequate" and the Arctic fleet was termed "completely worn out," consisting of some of the oldest ships in the merchant marine.

"The economy is developing fast along vast stretches of the Arctic coast but all energies appear to be dissipated there," Pravda said. "Ministries and organizations functioning there care only about their own narrow interests. But the Arctic area, as the events of this fall demonstrated, requires unity of action."

So far, Soviet media have insisted that inclement weather was responsible for the situation. One freighter sank last week after its hull was crushed by ice.

The disclosure that more than 30 vessels had been damaged suggested that their cargo had not reached destination points. The ships were supposed to deliver food, fuel and other supplies to a string of settlements along the Siberian coast before the onset of winter.

Tehran Says Iraqi Outposts Are Captured

Reuters

TEHRAN — Iran said Friday it had seized Iraqi strongpoints, including a garrison used to train Iranian Kurdish rebels.

The speaker of the Iranian parliament, Hashemi Rafsanjani, said the new offensive in the three-year-old Gulf war was prompted by France's plan to supply Iraq with five Super Etendard planes, which could be used to disrupt Iranian oil exports.

Tehran radio quoted a military communiqué as saying that 3,500 Iraqis had been either killed or wounded and 465 taken prisoner since Iranian troops launched their attack early Thursday.

The communiqué said the captured garrison was at Garmak, northwest of the Iranian border town of Marivan.

In Baghdad, Iraq said Friday night that its planes and helicopter gunships had inflicted heavy losses on the Iranian troops and armor.

The Iranian communiqué said Iranian forces had captured two other Iraqi posts. One of them was a customs post at Harghach which, like Garmak, had been a base for "counterrevolutionaries." Tehran's term for the mainly Kurdish rebels operating in the mountainous area northwest of Iran.

Earlier Mr. Rafsanjani said the Iranian offensive showed that France, the United States and Arab oil states that support Iraq could not impose peace on Iran.

Mr. Rafsanjani, who plays a key role in setting war policy, accused France Friday of hoping to save President Saddam Hussein of Iraq by supplying him with Super Etendards. The planes, if equipped with Exocet missiles, could be used to attack oil tankers and offshore installations, stopping the oil exports on which Iran relies to finance its war effort.

"These operations are the answer to the Super Etendards and if you start another fuss tomorrow, we shall reply with something stronger," he said.

France has delayed the delivery of the five fighter-bombers, although Mr. Hussein says he still expects them to arrive by the end of this month.

Iranian communiques said Iranian troops advanced 15 kilometers into Iraq northwest of Marivan and pushed to within one kilometer of the Iraqi border town of Penjwin.

The Iranian statements said one aim of the offensive was to cut off the Kurdish rebels from their supply bases in Iraq. The Iranians also wanted to put Marivan and nearby Baneh out of range of Iraqi artillery.

WORLD BRIEFS

Britain Increases Aid to Mozambique

LONDON (AP) — Britain announced Friday an aid package for Mozambique and said it will waive repayments amounting to \$22.5 million (about \$33.75 million) on existing loans to the former Portuguese colony.

The package, which included \$10.1 million for improvements to Mozambique's railroad as well as financing for the nation's communications network and Maputo port, was announced following a three-day visit by Mozambique's president, Samora Machel. It did not include military supplies or training Mr. Machel sought to counter guerrillas fighting his Marxist military government.

The previous loans have financed two power stations, a road construction project and purchase of spare parts for vehicles and equipment. The aid also included 11,500 tons of cereals to ease Mozambique's food shortage caused by severe drought this year.

Shipyard Doctor Turns Walesa Away

WARSAW (AP) — A doctor examined Lech Walesa and turned him away from the V.I. Lenin Shipyard when the labor leader tried to return Friday after a five-week sick leave, his secretary said.

Bozena Rybicka said by telephone from Mr. Walesa's apartment in Gdansk that the plant doctor "categorically forbade him from going back to work" until Oct. 28. The 40-year-old leader of the outlawed Solidarity, independent labor union has been suffering from an intestinal ulcer.

Shipyard and government spokesmen were not available for comment. Mrs. Rybicka also said that Mr. Walesa had not yet decided whether to travel to Norway on Dec. 10 to receive the 1983 Nobel Peace Prize, which he was recently awarded.

Nixon Ex-Aides Sue to Block Files

WASHINGTON (WP) — Twenty-nine former officials of Richard M. Nixon's administration have filed suit to block the National Archives from releasing 1.5 million pages of the most sensitive political documents from the Nixon White House.

The plaintiffs include Ronald L. Ziegler, a former press secretary; Patrick Buchanan, a speechwriter; William Timmons and Tom Korologos, congressional lobbyists; and Roy L. Ash, who was budget director. Also joining the suit were several Nixon assistants who later worked for President Ronald Reagan, including Mr. Reagan's former political adviser, Lyn Nofziger, the former national security affairs adviser, Richard V. Allen, and former Secretary of State Alexander M. Haig Jr.

The political materials, which the Nixon White House placed in a "special file" of its most sensitive papers, are said to include candid assessments of various members of Congress and other federal officials. The file is scheduled to be made public Nov. 10. The suit, filed Thursday, challenges the constitutionality of the 1974 law that gave the General Services Administration custody of Mr. Nixon's White House papers and tape recordings.

Israeli Poll Puts Opposition Ahead

TEL AVIV (AP) — The opposition Labor Party has pulled well ahead of Prime Minister Yitzhak Rabin's ruling Likud bloc, according to an opinion poll taken during Israel's election crisis.

The sampling of 1,177 persons, taken by the Dahaf Agency and published Friday in the daily Yedioth Aharnoth, showed that Labor, with a 43.3 percent share of support, would lead Likud by 52 seats to 46 in the 120-member Knesset, or parliament, if a vote were taken now.

In the last poll by Dahaf, taken after Menachem Begin announced his resignation as prime minister at the end of August, the figures were reversed, with Likud leading 52-46. Labor currently has 50 seats in parliament and Likud 46, but Likud is ideologically closer to the majority of the small parties and is able to govern by coalition.

AIDS Cases Said to Double in Europe

AARHUS, Denmark (Reuters) — The number of Europeans with acquired immune deficiency syndrome, or AIDS, has more than doubled this year to 164, but evidence shows the general public has little cause for alarm, medical experts said Friday at a conference sponsored by the World Health Organization.

Ninety-four cases were reported in France, 38 in Belgium, 42 in West Germany, 24 in Britain, 17 in Switzerland, 13 in Denmark and 12 in the Netherlands. Czechoslovakia, with two cases, was the only country of Eastern Europe to report the existence of the disease. Forty-two cases have been found in people who came to Europe from Central Africa, especially Zaire.

AIDS was first detected in 1979 in the United States, which has the largest number of AIDS cases, about 2,500. The disease destroys a person's ability to fight infection and leads to tumors and skin cancer, and often death. Its cause is unknown, but researchers believe the disorder is spread by sexual contact, contaminated drug injections and blood transfusions.

CIA Ex-Agent Guilty of Murder Plots

NEW YORK (NYT) — Edwin P. Wilson, a former agent of the Central Intelligence Agency, was convicted Thursday night of attempting to murder two prosecutors and six witnesses.

The intelligence agent is already serving prison sentences of 32 years for shipping arms to Libya. Sentencing was set for Nov. 4.

While he was in prison waiting for trials in the Libyan arms cases, he plotted to kill witnesses and prosecutors, according to the charges. He asked another inmate, Wayne Trimmer, to find a "hit man" to commit the murders, but the inmate informed federal authorities. Then, the charges continued, Mr. Wilson offered to pay \$500,000 to two other inmates to arrange the murder of Mr. Trimmer for informing. Eugene Neal Kaplan, the chief prosecutor, told the jury that Mr. Wilson had become "a desperate man" after being lured out of Libya and arrested for illegal arms shipments.

Edwin P. Wilson

Kissinger Sees Central America Crisis

WASHINGTON (AP) — Former Secretary of State Henry A. Kissinger said Friday that his Central America study commission told President Ronald Reagan that the situation in the region "is graver than most of us had expected" and that unless security concerns are alleviated there it would be difficult to avoid "an explosion."

Mr. Kissinger said his panel had given a report of its trip last week to Central America, but that it was not prepared to make recommendations. "The fundamental issue is democracy, progress and security," he said. "All of the leaders that we talked to... seemed to think that their societies were in a state of urgent need and urgent crisis in the field of economics, in the field of social aspirations and in the field of human rights," Mr. Kissinger said. "And they all felt a threat in the security field that really was quite unexpected to me."

For the Record

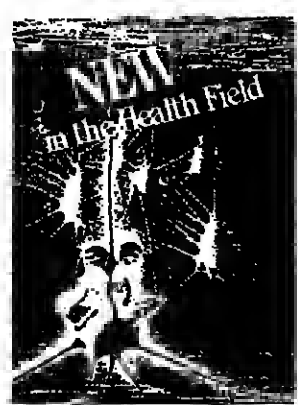
Foreign ministers of the European Community will meet in Greece this weekend to review the financial future of the 10-nation group and to discuss the threat to world peace arising in several crisis areas, community sources said in Brussels. (Reuters)

Yves Lambert, the secretary-general of the International Civil Aviation Organization, which has been investigating the downing Sept. 1 of a South Korean airliner by the Russians, has been invited to the Soviet Union, organization officials said. The Soviet Union has refused to permit the organization's five-man team investigating the incident to visit the area where the Korean plane was shot down. (UPI)

Marianne Bachmeier, who shot and killed the accused murderer of her 7-year-old daughter in a crowded courtroom in March 1981, has been ordered by the public prosecutors office in Lübeck, West Germany, to report to prison before midnight Friday. Mrs. Bachmeier, 33, lost repeated prison against her sentence in March to six years in prison for the shooting. (UPI)

Correction

R.J. Reynolds Industries Inc. reported third-quarter profit of \$251 million, up 21 percent from \$207 million a year earlier. For the nine months, the company posted earnings of \$654 million, down 5.5 percent from \$694 million. The numbers were reported incorrectly in Friday's edition of the Herald Tribune because of an error by Reuters.



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35 Spy Cases in Silicon Valley Being Probed, U.S. Aide Says

By Ronald Clarke
Reuters
LOS ANGELES — At least 35 espionage cases are being investigated in the computer-chip manufacturing region known as Silicon Valley, the center of a \$10-billion-a-year defense industry in California, a U.S. official said Friday.

"The cases concern both military and industrial espionage, but the valley has become a hotbed of espionage, trained in the latest aspects of high technology," said the official, who asked not to be identified.

"Not all the cases under investigation are big ones, but the big ones come along more and more frequently," he added.

In the latest major spy case, a California electronics engineer, James Danner Harper Jr., 49, of Mountain View, was accused this week of selling U.S. missile secrets to Polish agents for more than \$250,000.

Those secrets were in turn passed to the Soviet Union, U.S. officials say.

A U.S. government affidavit said Mr. Harper obtained documents from an electronics research com-



HIGH AND WET — A Lubbock, Texas, man whose car ran out of gas had to wade through waist-deep water to get to a phone after flooding in the West Texas city.

Doctors Offer Evidence Of U.S. Hunger Problem

By Robert Pear
New York Times Service
WASHINGTON — Three doctors testifying before a congressional subcommittee have presented new medical evidence of hunger and malnutrition in the United States.

The evidence was given Thursday by Dr. Victor W. Sidel, president of the Public Health Association of New York City; Dr. Agnes Lattimer of Chicago, president of the Illinois chapter of the American Academy of Pediatrics; and Dr. J. Larry Brown, a lecturer at the Harvard School of Public Health.

Dr. Sidel reported results of interviews conducted by medical students with more than 400 people at food pantries, soup kitchens, welfare offices and health clinics in New York State. Many of these people, he said, were "eating less than what is recommended to meet energy needs."

On the average, he said, their caloric intake was well below the norm for other people and below the lower end of the range recommended by the National Academy of Sciences.

Dr. Sidel, who is also a professor at the Albert Einstein College of Medicine, said, "Among the people



William French Smith

Drug Traffickers Set Up Network, U.S. Official Says

Los Angeles Times Service
WASHINGTON — Organized crime groups in the United States, Colombia, Italy and Canada have formed a network for cocaine trafficking that presents law enforcement authorities with "a frightening concept," Attorney General William French Smith says.

"A host of organizations" are involved, including the Mafia in the United States, Mr. Smith said, and such underworld cooperation "is happening to an alarming degree." The attorney general made the comments Thursday as he reviewed a trip he made to Spain, Italy and Morocco to discuss narcotics and other law enforcement matters with foreign and U.S. officials.

Mr. Smith's comments about international cooperation between criminal groups follow reports by U.S. officials that cocaine is flooding the United States to the point where some areas have a glut of the drug.

Mr. Smith said that seizures of cocaine had more than tripled in the last two years, increasing from 4,000 pounds (1,800 kilograms) in 1981 to 12,400 last year and 14,000 pounds in the first nine months of 1983.

AMERICAN TOPICS

Poverty's Cost

The House Ways and Means Committee, addressing questions that stir more interest in Capitol Hill than in the White House, has been hearing testimony on the widening "poverty gap" in the United States.

The official poverty line, which is adjusted each year as inflation pushes the cost of living higher, is defined as \$9,862 for an urban family of four. In 1982, the committee was told by the Census Bureau, 34.4 million Americans — 15 percent of the population — lived below that line. The percentage has risen in each of the last four years.

The rise reflects inflation, unemployment, reduced social programs and slow economic growth. But Peter Gottschalk of the Institute for Research on Poverty, headquartered at the University of Wisconsin, told the committee that even recent economic growth trends would not bring down the poverty rate over the next two years.

It would take \$45 billion in transfers of cash income to put everyone above the poverty line, according to Randolph Penner, director of the Congressional Budget Office. But he and other witnesses said even that would not include the costs of administering the transfer, which would undoubtedly be enormous.

The Day After

The ABC television network, anxious about the political fallout from its forthcoming drama "The Day After," which depicts the effect of a nuclear strike on an American city, has made an important script change: It deleted a mock radio broadcast describing Soviet troop movements in response to "coordinated movement of the Pershing-2 missile launchers" in Western Europe. This sets the scene for a nuclear exchange in which viewers see Kansas City horribly destroyed.

A statement announcing the change said it had been "brought to ABC's attention that this is a political statement and could be interpreted politically." Supporters and opponents of a nuclear freeze are planning events and demonstrations to coincide with the broadcast Nov. 20.

Fighting Shape

The army has reopened 13 of 23 military specialties it had closed to women because they could have risked direct involvement in combat.

Lieutenant General Robert Elton, the army's personnel chief, acknowledged that the action was "driven by a number of concerned groups" protesting what they saw as sex discrimination.

The categories reopened to women include decontamination specialists in nuclear, biological and chemical warfare and such jobs as repairing radar and fire control systems on missiles and operating heavy construction equipment.

General Elton stressed that the army was sticking to its policy that women will continue to be barred from serving in combat units.

Quick Exit

There were blinking red lights and possibly some red faces, but apparently no Red agents. It happened the other night at the Langley, Virginia, headquarters of the Central Intelligence Agency.

The S-W bus, which runs between downtown Washington and the Virginia suburbs, does not stop at the headquarters of the CIA. Only the S-K bus has permission to enter the heavily guarded complex and, even then, only passengers who flash special identity cards are allowed to disembark. There are men with guns to enforce this rule.

So when a S-W bus, driven by a new operator, mistakenly turned into the complex, regular riders assumed that it would be turned back at the gate. It was not. It breezed straight through and made it all the way to the front door of the headquarters building before a posse of patrol cars, flashing their red lights, caught up.

"They must think we're all KGB agents," the embarrassed driver said.

In time, the bus was freed and wound its way back out to the real world. At the first stop beyond the gate, the debarkation buzzer sounded and a round passenger made his way to the door. The bus stopped and the passenger stepped into the night. But then, suddenly, the man popped his head back in and called out, "So long, comrades."

Americana

The McDonald's Corp. announced Friday that a California franchise owner has abruptly changed his mind and dropped a bid for his fast-food outlet to be the first in the nation to serve beer and wine under the Golden Arches.

A spokeswoman said the owner of the soon-to-open spot in the mountain resort of Mammoth had withdrawn a request for the company to make an exception to its policy of not serving alcoholic beverages. McDonald's in Europe has served beer and wine for some time.

Mondale Retracts Attack on Glenn's Party Loyalty

By Dan Balz
Washington Post Service
NASHVILLE, Tennessee — Former Vice President Walter F. Mondale has apologized to Senator John Glenn of Ohio for a letter to Florida Democrats in which Mr. Mondale characterized his fellow candidate for the 1984 presidential nomination as "an anti-Democrat."

"While I take responsibility for the letter, which was written by people who had authority to do so, I disavow the term 'anti-Democrat' and regret its use," Mr. Mondale said in a telegram that he wrote and sent Thursday from his campaign headquarters in Washington. "The only 'anti-Democrats' I know are Republicans."

Mr. Mondale wrote that, while he looks forward to continuing the debate with Mr. Glenn about "critical issues facing our country and what I view as significant differences between us, I do regret this inappropriate language, and I wanted to convey this to you personally."

Asked about the matter at a news conference in Nashville, Mr. Mondale said, "I take responsibility for the letter, but that isn't the way I would have stated it."

Mr. Mondale's apology was issued on the first day of a four-day campaign swing through the South in which he is trying to demonstrate that he is not too liberal to compete with Mr. Glenn in the region, where several primaries and caucuses are to be held in March.

In Atlanta, where Mr. Mondale stopped earlier Thursday, former President Jimmy Carter said he believed that Mr. Glenn had made a political mistake in justifying his support of President Ronald Reagan's tax-cut bill in 1981 by saying it was a vote against the "disastrous, failed policies" of the Carter-Mondale administration.

That remark, in Melbourne, Florida, on Oct. 10, escalated the war of words between the two front-runners for the nomination and resulted in the letter that Mr. Mondale disavowed Thursday.

The letter, dated Monday, was sent to about 1,000 delegates to this weekend's Florida Democratic convention, where a straw poll is scheduled.

It said Mr. Glenn's statements

had "cast himself as the Democrat who is anti-Democrat and as the defender of the same man — Ronald Reagan — he claims he wants to remove from power."

On Tuesday, Mr. Glenn called Mr. Mondale's letter "a vicious and dishonest attack" and charged that if the former vice president "has his way," the Democratic Party "will face a defeat in 1984 as disastrous as that of 1980."

■ Front-Runners Attacked
George Lardner Jr. of The Washington Post reported from Washington:

Senators Gary Hart of Colorado and Ernest F. Hollings of South Carolina warned in separate forums Thursday that the Democratic Party would be ripe for defeat next year if either Mr. Mondale or Mr. Glenn won the nomination.

Pressing their own candidacies, Mr. Hart and Mr. Hollings said the recent bickering between the two front-runners had demonstrated their shortcomings and pointed to the need for a contender with new ideas and concrete programs.

Mr. Hart, in a speech at American University in Washington, said the issue "is not whose record is the worst, but whose ideas are best."

"One candidate [Mr. Glenn] says the other [Mr. Mondale] cannot defeat Ronald Reagan and cannot govern the country effectively because he is too closely tied to the big spending, special-interest policies of the past," Mr. Hart said. "The other candidate says the first cannot defeat Ronald Reagan and cannot govern effectively because his policies are not in the mainstream of the Democratic Party and, in fact, he supported Reaganomics. I say both are right."

Mr. Hollings, at a breakfast meeting with reporters, recalled his 1980 Senate race in South Carolina on the Carter-Mondale ticket.

"It was the worst dead weight I've ever had in politics in 30 years," Mr. Hollings said. He said Mr. Mondale was still viewed as "a big spender" in the South, where the Democrats need to win.

Mr. Hollings also said that "Glenn is wanting on the programs. He's orbiting the issues faster than he's orbiting the Earth."

Merle Travis, Writer-Singer Of Country Music, Dies at 65

The Associated Press
TALIEQUAH, Oklahoma — Merle Travis, 65, a member of the Country Music Hall of Fame and singer-writer of the hit songs "Sixteen Tons" and "Smoked Smoked! (That Cigarette)," died here Thursday of cardiopulmonary arrest.

Mr. Travis, whose hits also included "Dark As a Dungeon," "Dixie Baby," and "Double Talkin' Baby," was inducted into the Country Music Hall of Fame in 1977. The Academy of Country Music awarded him the Pioneer of Country Music award in 1974 and in 1970 he was voted into the Songwriters Hall of Fame.

Born in Muhlenberg County, Kentucky, Mr. Travis appeared at barn dances and served in the U.S. Marine Corps in World War II before he became a television star on "Honkytonk Jamboree" and "Town Hall Party" in California. He appeared in the 1953 movie "From Here to Eternity," several Westerns and "Honky Tonk Man" last year.

■ Other deaths:
Valentin Gonzalez, 78, the Republican army general known as El Campesino during the Spanish Civil War, Thursday at his home in Madrid after a long illness.

Vittorio Novaresse, 76, the movie designer who won Oscars for his costumes in "Cleopatra" in 1963 and for "Crown Jewels" in 1970, Monday in Hollywood of a heart attack.

Reagan Said He Meant No Offense In Reply on King and Communism

The Associated Press
WASHINGTON — President Ronald Reagan asked the widow of the Rev. Martin Luther King Jr. on Friday to take no offense to his remarks Wednesday about whether King had been a Communist sympathizer. But in a personal letter written 19 days ago, it was disclosed, Mr. Reagan said the perception of King held by many was "based on an image, not reality."

In that letter, Mr. Reagan expressed reservations about creating a legal holiday in King's honor. On Wednesday night, a few hours after the Senate voted overwhelmingly to establish a King holiday, the president said at a news conference he would sign the bill.

Mr. Reagan's letter replied to one he had received from the former governor of New Hampshire, Meldrim Thomson, who asked the president to veto the bill. In the letter, Mr. Thomson called King "a man of immoral character whose frequent association with leading agents of communism is well established."

Mr. Reagan replied, "I have the same reservations you have, but here the perception of too many people is based on an image, not reality."

Mrs. King and many of her supporters were critical of Mr. Reagan's response Wednesday night, when he was asked whether he thought the slain civil rights leader had been a Communist sympathizer. Referring to FBI files on King that were ordered sealed by a federal court until the year 2027, Mr. Reagan replied: "We'll know in about 35 years, won't we?"

Mr. Reagan telephoned Mrs. King before leaving for a weekend of golf at the Augusta National Golf Club in Georgia. The White House spokesman, Larry M. Speakes, said of the call that Mr. Reagan "indicated he did not want his remark misinterpreted. She indicated she understood."

Senate Resists Reagan Move For Censorship of Officials

Washington Post Service
WASHINGTON — The Senate has voted to prevent the administration for six months from imposing lifetime censorship on government officials with access to especially sensitive information.

Congress Curtails U.S. Plan to Lease Sites for Oil, Coal

Washington Post Service
WASHINGTON — Congress has approved a 1984 appropriations bill for the Interior Department that would halt or sharply curtail most of Secretary James G. Watt's initiatives that have been highly criticized by environmental groups, including the leasing of government-owned coal and offshore oil sites to private companies.

The measure passed the Senate and House Thursday on nearly unanimous voice votes after several weeks of debate on amendments.

The prohibitions on offshore leasing were imposed at the request of bipartisan congressional delegations from the affected states, California, Florida and Massachusetts.

The bill would also delay the department's coal-leasing program for about six months, or until an independent commission determined whether it serves the U.S. Treasury well, as Mr. Watt argues, or is a "giveaway" to the coal industry, as his critics charge.

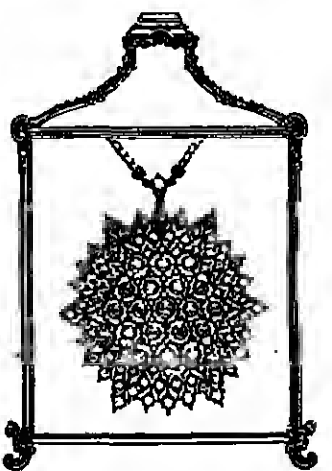
Meanwhile, a Senate subcommittee approved a separate measure that would force a one-year delay in the Interior Department's plan to open one million acres (about 400,000 hectares) of national wildlife refuges to potential oil and gas leasing for the first time in 25 years.

Chicago Strike Reaches Impasse

Los Angeles Times Service
CHICAGO — Prospects appeared dim Friday for settling the longest teacher strike ever in Chicago after talks to end the walkout in the United States' third largest school system became stalemate.

Chicago teachers, who have walked out six times since 1969, are striking over pay. They have not received a general pay increase since 1980. Negotiations were declared at an impasse by both sides late Wednesday night after almost six months of bargaining.

More than 435,000 students are affected by the strike, which was 14 days old Friday. As it continued, there was growing concern over its impact on the city's 17,500 high school seniors. They could be shut out of scholarship competition and may have to stay long into the summer to earn required college credit.



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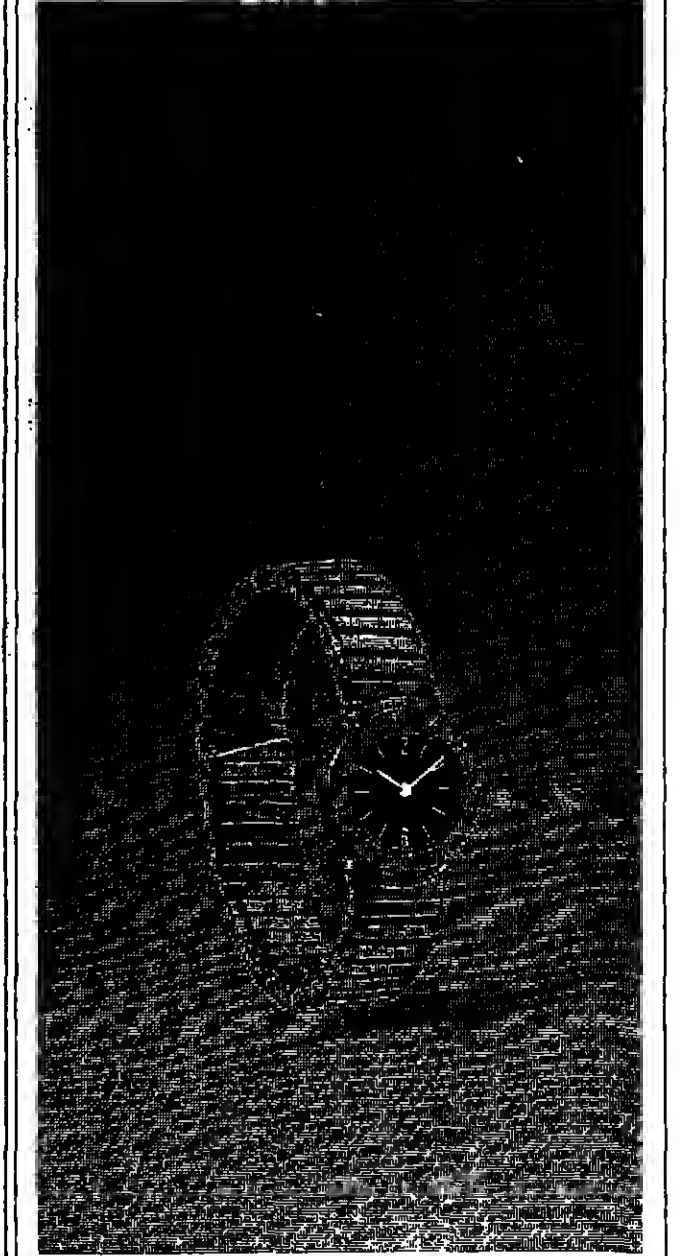
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Herald Tribune

Published With The New York Times and The Washington Post

The Euromissile Test

Throng of West Europeans, mostly Germans and Britons, are staging long-planned marches against nuclear missiles. They blame mostly America for having to live with new variants of The Bomb, not even crediting America, or The Bomb, for their right to march. They want the sympathy and support of the many Americans who are equally dismayed by the nuclear arms race and by a U.S. government that has been less than vigorous in pursuing arms control. The marchers deserve some sympathy, but not much support.

They are not choosing life over death, as many of them contend, or Red over dead, as many of their critics charge. They are frightened by the idea of deterrence, of preserving peace by a balance of terror. Their anxiety is justified, but the terror can only be controlled, not eliminated. To let public anxiety in the West become an instrument of Soviet military policy is no way to reach a safer balance.

As clear majorities of West German, British and Italian voters have recognized this year, the alliance is better off with The Bomb than without. And after four years of negotiations in which the Soviet posture has been far more negative than America's, the allies are better off deploying new missiles in Europe than not.

Th delay, as the marchers demand, would expose the allies as incapable of coordinating their defenses and diplomacy. It would reward the Soviet drive to divide the West, and thus gravely damage the diplomacy of arms control.

With the start of NATO deployments, the Russians will step up their war of nerves. They may threaten to leave the Geneva talks or roll more missiles nearer Europe's heart. But no military measures on either side can significantly alter the power balance. These missile "modernizations" have become a test of Soviet

and American political strength on the Continent. Only when the Kremlin concedes failure at undermining the Western governments is it likely to bargain with them properly.

The European peace movement, in the view of one of its British founders, E.P. Thompson, is experiencing "death of a sort." But not, as he contends, because the West has cleverly manipulated the Geneva negotiations to produce a NATO public relations success. The West's record in diplomacy and public relations looks good only because the Kremlin's record and its inept handling of the South Korean airliner affair have been so much worse.

The question is why. Are the Russians really as concerned as they pretend about the deployment of 572 American warheads? Even if completed, the deployment would increase the number aimed at Soviet territory by only about 6 percent. Are they worried most about 108 Pershing-2 missiles in West Germany — 10 minutes from the Moscow region? If so, most of that deployment can still be prevented.

The European governments would have jumped at the kind of agreement explored informally in the Geneva woods last year: to limit the West to 75 cruise missile launchers with 300 warheads while the Soviet force in Europe is reduced to 75 SS-20s with 225 warheads. But Moscow holds firm against any deployment of medium-range U.S. missiles to match its array on the Continent. And that is a prescription for splitting the allies' defense arrangements from America's. It is a political challenge, not a serious reckoning of arms.

Neither side really needs new nuclear weapons in Europe. But no reductions will be achieved until the Russians recognize that there really is a cohesive Western side.

— THE NEW YORK TIMES

Failures in Grenada

However bad the situation in Grenada previously, it is now worse. The leftist regime that seized power on that small island in 1979 has itself fallen victim to violence, and the undifferentiated U.S. hostility to leftists in the Western Hemisphere has been rewarded with a hard lurch to the dogmatic and pro-Soviet left. Whether Prime Minister Maurice Bishop's regime could have been lured into moderation will never be known, but his killing suggests the inadequacy of policies that seek to influence leftist regimes by shunning them.

Some responsibility for Grenada's abandonment of democratic forms belongs to Mr. Bishop's predecessor, the quirky authoritarian Sir Eric Gairy. He combined strong-arm rule with an exotic foreign policy geared to his fascination with flying saucers. Mr. Bishop's New Jewel Movement, strongly influenced by the New Left and Black Power thinking of the 1960s, promised something better. But in four years it disappointed hopes for democratic change and traded flying saucers for unabashed avowal of Cuban and Soviet causes.

— THE NEW YORK TIMES

Let the Car Quota Expire

It is still possible to buy a Japanese automobile in America if it is loaded with expensive options, reports a Toyota salesman. But "if you want to pick the color, I give you less than a 50-50 chance of ever getting the car you want." President Reagan declines against the kind of trade protection that thus impinges on consumers' choice and forces them to pay the bills of less efficient domestic industries. But responding to pre-election pressure from Big Auto, the Reagan administration is not likely to let an adequate supply of Japanese models reach American dealers any time soon.

Japan agreed in 1981 to limit sales in America to 1.68 million cars a year; Detroit argued that it needed time to build competitive models. That two-year agreement was then extended to a third year and provided the breathing space that Detroit wanted. But it did not come cheaply: The sturdy little no-frills cars that most appealed to consumers have virtually disappeared. In a seller's market, manufacturers shifted to the high-markup luxury models.

— THE NEW YORK TIMES

Other Opinion

Hong Kong: 'The Die is Cast'

The Communist Party of China intends great changes in Hong Kong. The British citizens of Hong Kong, most of them no lovers of communism, undoubtedly will resist. But the die is cast. Last week, as the colonial government fixed the rate of the bouncing Hong Kong dollar for the first time in living memo-

ry, China applauded. It is now clear that the days of the free-wheeling Frigate Harbor are over. Whether this will be good or bad for Hong Kong depends on your political philosophy. But last week's pegging of the Hong Kong dollar is obviously a forerunner of ever more restrictions upon a city which has built its reputation on commercial freedom.

— The Bangkok Post

FROM OUR OCT. 22 PAGES, 75 AND 50 YEARS AGO

1908: A Swiss Aeronaut Claims Cup
BERLIN — Colonel Schaeck, the pilot of the Swiss balloon, Helvetia, arrived in Berlin to support his claim before the Aero Club that he has won the Coupe Internationale des Aeronauts by his flight from Berlin to the island of Erholmen, a distance of over 1,200 kilometers. He says that the boat which took them 10 kilometers to the island did so against his will, and notwithstanding that he protested in every possible manner. The balloon was in no danger, and as he had ample provisions and plenty of ballast he could have remained in the air another twenty-four hours. But the fishermen did not or did not wish to understand the appeals which were made to them in three languages to leave the balloon alone.

1933: Toward Recognition of Russia
WASHINGTON — The exchange of letters between President Roosevelt and Mr. Kalinin, president of the central executive committee of the U.S.S.R., looking forward to recognition of Russia by American drew varied expressions of opinion from congressional leaders, with the majority in favor. The president's move for resumption of diplomatic relations with Russia received unqualified approval from French papers reflecting official approval, but the conservative journals, while finding valid reasons for the move on the score of American internal and external policy, predicted all sorts of dire consequences for the United States as a result of the contemplated rapprochement with the Bolshevik government.

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What Defense Do the Europeans Want?

By William Pfaff

PARIS — West German demonstrations against American intermediate-range missiles are forcing some difficult questions to be faced. How are West Germany and Western Europe going to be defended in the future? Can the Western alliance go on unchanged?

Obviously, the present West German government will honor the NATO decision to deploy American missiles, given Soviet unwillingness to interrupt deployment of SS-20s. Just as obvious is that a great many Germans are deeply uncomfortable with their dependence upon the United States for security, and with the way the United States exercises that responsibility.

In France, always sensitive to what goes on in Germany, there has been an important reaction. On successive days, two major French politicians, one of the right and the other of the left, have called for new nuclear security arrangements for Western Europe. The head of the neo-Gaullist party, the RPR, and mayor of Paris, Jacques Chirac, on a visit to Bonn on Tuesday, condemned Europe's "singular passivity" and said that "it is always dangerous to depend on others for what one should do oneself."

Mr. Chirac went on to say that "in less than five years, with new multiple warheads, French and British nuclear forces will have augmented considerably. They will represent a decisive deterrent force. At that point it becomes possible to imagine a European-American nuclear deterrent to guarantee the security of Western Europe. But one cannot think of that without direct German participation at a responsible level."

This is a guarded, qualified statement, particularly in its allusion to a continued American role. It is nonetheless interesting, the more so for a second statement made the following day by

Jean-Pierre Chevènement, the leader of the left wing of France's Socialist Party, a former senior minister in the present government and certainly a candidate for the leadership of French socialism when François Mitterrand steps down.

Asked about Europe's security, Mr. Chevènement said this should be provided by Europeans. Emphasizing West Germany's non-nuclear position, he argued that a solution should be sought in part by means of a "zone of low pressure" in Central Europe but in part, as well, by the French and British nuclear deterrents.

The idea of lowering the pressure in Central Europe has been around for a long time and usually presumes some form of political neutralization or of demilitarization of the two Germanys. Neutralization scarcely seems worth discussion, since so long as East Germany is communist and West Germany is a parliamentary democracy, neither can be neutral in a European war. Germany, unhappily, is where that war would be fought, being the place where the two sides face one another.

Demilitarization is another matter, a very complicated one but possible to imagine. It is perhaps more easily imagined than a West German "responsibility" associated with the French and British nuclear deterrents yet without possessing nuclear weapons.

The latter notion stumbles on the problem that now exists with respect to the American nuclear guarantee of Europe. Would Washington risk New York and Chicago to save Berlin and Paris? The question cannot be answered with certainty. Would Paris and London risk

survival in order to defend the West Germans?

A third French voice has been raised, that of General Pierre Gallois, the strategist behind the development of France's nuclear force. He notes that by the early 1990s France and Britain together will possess the capacity to destroy 2,000 targets in the Soviet Union. Even France alone will be in a position "to paralyze the military apparatus of the Soviet Union by precise attacks, without — initially, at least — attacking Soviet cities." He says, "one can therefore envisage a substitute for the American guarantee."

This is not a subject Germans will comfortably debate, since they are at the epicenter, so to speak, and there are limits on what they can do. Yet a great many Germans have made plain their restlessness with the U.S. presence and their dislike of the American system of nuclear defense for West Germany and for Europe.

Their anxieties are comprehensible, but they feed these currents of opinion in the United States which equally comprehensibly — condemn Europeans for their less than total enthusiasm for U.S. policies and would like to see American troops brought home.

What do the West Germans themselves want? No doubt many who demonstrate against American nuclear missiles believe in the possibility of benevolent and privileged neutrality amidst the world's storms. But what about serious Germans? How would they provide for their own security and that of Europe?

The French certainly do not have the final answers, but they are addressing the problem. And there will have to be a solution, because one day — someday — the Americans will go home.

International Herald Tribune

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Ideas for NATO While Deployment Proceeds

By Joseph S. Nye Jr.

CAMBRIDGE, Massachusetts — Unless an arms control agreement makes deployment unnecessary, NATO will begin in December to base 41 of its new medium-range nuclear missiles in Europe. Prospects far such an agreement look dim, and West European governments will be under increasingly strong pressure from antimilitary demonstrators.

If there is no quick way out through agreement in Geneva, what could NATO do to try to neutralize the turmoil that may lie ahead?

The first objective in Europe is to maintain alliance cohesion. Since the end of World War II the international balance of power has been largely determined by the political alliance of Western Europe and Japan with the United States, although geographically both are next to the Soviet Union. Not surprisingly, the splitting of that alliance has been a consistent Soviet goal.

The second goal is to avoid war in Europe by maintaining a credible, stable deterrent. The new weapons make a useful but minor contribution toward that goal. Alliance cohesion contributes even more.

Would halting deployment of the

Pershing-2s and cruises serve both objectives? Since their main significance today is more political than military, a delay would be justified — only if the allies requested it. So far there is no sign of such a request.

The principal European governments believe Soviet bargaining in Geneva reflects hope that public opinion will destroy the Western consensus over deployment without the Kremlin having to pay a price. Since full deployment of the 572 missiles is not to be finished until 1988, serious bargaining for limitation or removal may still take place after initial deployment.

To plunge ahead and totally ignore public protests could be costly. Opinion is divided in most European countries, with many in the younger generation skeptical of the value of nuclear weapons. Moreover, polls show that a wide segment of West European opinion mistrusts the Reagan administration's nuclear doctrine.

NATO could go ahead with deployment but formally declare that it would never use nuclear weapons first. If a declaration of no first use

really reduced the risks of nuclear war, it might be a step worth taking. But most West European foreign policymakers do not want America to make such a declaration. In their view, America's nuclear guarantee has helped counterbalance the huge Soviet conventional forces.

Europeans do not want nuclear war, but neither do they want a conventional war that might kill 50 million people and leave the Continent devastated. Many fear that a weakening of America's nuclear guarantee would make conventional war more likely. Moreover, they believe that escalation of a conventional war would be the most likely path to nuclear war.

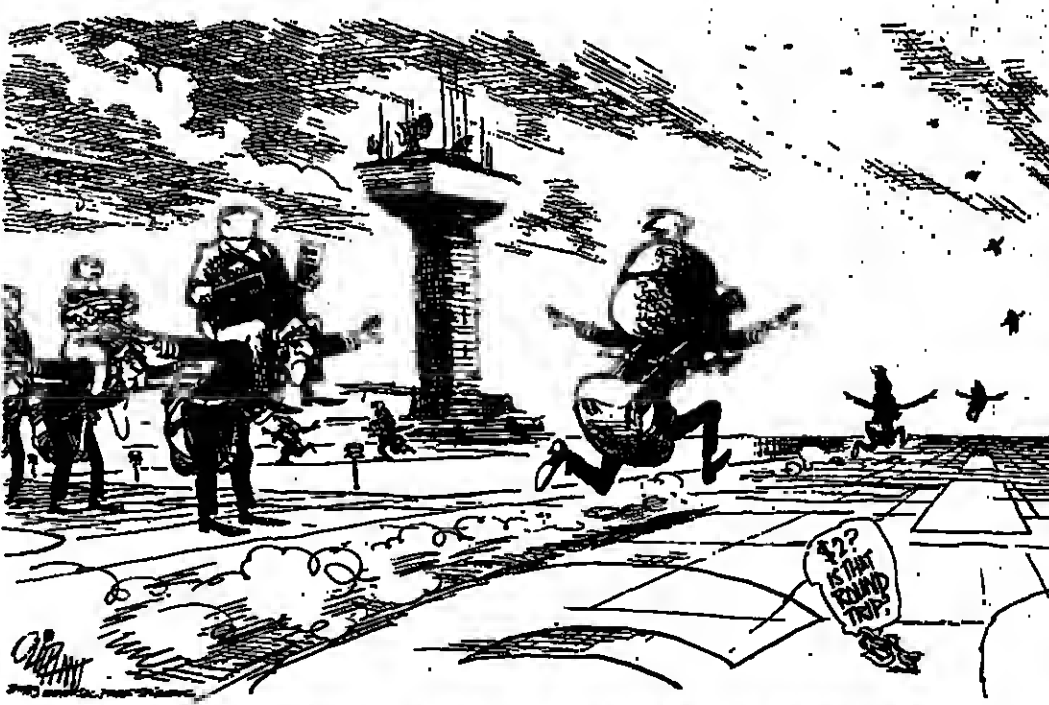
Another approach holds more promise, and NATO governments are close to agreement on it, unless there is backsliding by Washington. NATO would hold to its timetable and retain its willingness to negotiate on the missiles, but would unilaterally remove many short-range weapons such as nuclear mines, nuclear artillery and nuclear anti-aircraft shells, which would have to be used quickly before being over-

run or destroyed in battle. Some Americans have insisted on negotiating reduction of such arms with the Soviet Union. But the credibility of these arms as bargaining chips is limited, and negotiations might actually slow down doing what ought to be done anyway.

A better plan would be for NATO to announce, as the first of the 572 intermediate-range nuclear missiles begin to be deployed, that it will begin to cut in half the number of U.S. nuclear arms in Europe by removing some 3,000 short-range weapons, which are destabilizing. NATO should treat such reductions as practical steps in a policy of no first use of military force and no early use of nuclear weapons.

This policy would not nullify all protest, but it would provide a sound basis for reasoning the average European while meeting America's objectives of alliance cohesion and averting war in Europe.

The writer is professor of government at Harvard University and a co-author of the Harvard Nuclear Study Group's book, "Living With Nuclear Weapons." He contributed this comment to The New York Times.



Wonders of deregulation in America — the two-dollar transcontinental flight.

cost companies with well-paid union drivers have lost business to low-cost, non-union operators. The Teamsters Union estimates that the number of workers under its National Freight Agreement has declined by roughly one-third from 300,000 in 1979.

The sheltering of markets involves subsidies and privileges. Some, like the FCC's subsidy, are deliberate, while others are accidental. In 1930s, for example, airlines agreed to a pilot pay formula tied to, among other things, plane weight. As jets got bigger, pilots' pay skyrocketed. Tight federal regulation permitted this by preventing new airlines from forming and by allowing old ones to pass higher costs along in higher fares.

Changed market rules upset these arrangements. Since deregulation in 1978, the number of America's major airlines has increased from 25 to 44. The share of traffic of the big carriers has shrunk from 91 to 79 percent. Price competition from low-cost carriers has inflicted large losses and forced high-cost carriers to cut expenses. Bankrupt Braniff and Continental are the most obvious results.

On an individual level, this is monstrously unfair. The average Continental stewardess or pilot simply benefited from a regulatory system that suddenly has been yanked away. Ditto for the home phone customer, the abandoned Midwestern elevator operator or the unemployed Teamster. Imports' effects on industries seem only slightly less arbitrary.

Competition, then, naturally begets agitation for protection. Airline unions and the Teamsters want regulation restored because it underpinned their bargaining power. Likewise, steel workers and auto workers urge import protection. Many congressmen now favor legislation preventing reduced long-distance subsidies for home phone service.

Treat these arguments skeptically. They are largely self-serving. Old habits are not easily altered by new realities. This year major airline unions (not the pilots) received a

three-year increase from TWA exceeding 30 percent. That completely ignored the industry's economics.

Competition threatens institutions designed to provide security. Corporate bankruptcies intended to break labor contracts may inspire workers to break the same contracts.

Government confronts the contradictions. While paying lip service to competition, citizens want government to shield them against its disruptive effects. Unless these confused notions are clarified, increased

competition will mean increased demands for protection.

By disciplining wages and prices, competition helps check inflation; by enhancing efficiency, it helps raise living standards. For years, we have taken its benefits for granted; only its disruptive side effects commanded attention. We may now be learning that you don't get the discipline without fearing the disruption. The only thing worse than living with competition may be living without it.

National Journal

Of Fear and Freedom

Regarding "From the Greens, Backhanded Gratitude to Reagan" (IHT, Oct. 7) by Rudolf Bahro:

Mr. Bahro, a leader of West Germany's Greens, unwittingly provides insights into the psychology of the West German peace movement. His claim that the Soviet solution to the infringement of its airspace proves beyond doubt that missile deployment in Western Europe would be suicidal mirrors Soviet paranoia.

His analysis makes clear that it is overwhelming fear that is the basic tenet of his movement.

But fear that blurs vision and colors judgment is hardly an adequate foundation for wise policy. Fear can paralyze responsible action and encourages behavior that is self-defeating. When coupled with feelings of powerlessness and victimization, fear leads to simplistic solutions, such as

LETTERS TO THE EDITOR

Of Fear and Freedom

Mr. Bahro's proposal to neutralize Europe — a solution that would leave all of Europe like Poland: a vulnerable pawn to Soviet coercive behavior.

At the very least, Western Europe would be the goose laying the golden egg, indefinitely propping up the Soviet system in exchange for "sovereignty" but not freedom.

Mr. Bahro sees the world as a sacrificial pawn in an international chess game. Of course, these feelings, whether or not justified by reality, are very real to him and his associates.

They have to be taken into account when explaining Western policy vis-à-vis the Soviets. But such feelings cannot be the foundation for policy. That would not solve his problems.

The Finlandization of Europe is an easy solution that clouds the issue and makes international peace and freedom that much more difficult to achieve. In fact, easy solutions — be they militaristic policies that ignore the need for human rights and freedom to assure stable peace, or disarmament policies that ignore the interdependence of social justice and lasting peace everywhere, including Eastern Europe — often lead to that which is feared the most.

STANLEY V. BAGINSKI

Ridgefield Park, New Jersey

This Bluff Could Backfire

By Flora Lewis

BAGHDAD — The story of the French Super Etendard planes and Exocet missiles makes a better James Bond film than a policy. The trouble is that the scriptwriters can't control the end of the plot.

It is now obvious that reports about the planes flying to Iraq early this month did not just reflect journalistic enterprise. The planes left their base in Brittany, and the world was encouraged to believe that Iraq was about to gain a decisive means to shut off Iran's oil exports.

Two days later Iraq announced that unless it could resume regular oil exports, Iran's oil-dollar lifeline would be cut. This reinforced the assumption that the planes had arrived. But they were still in France.

The idea behind the French bluff, which provoked intense but had no strategic value, was that some dramatic threat was needed to force Iraq into negotiations to end the Iraq-irreconcilable three-year-old war. The Iraqis started it, but they are running out of steam. They are ready for a stalemate settlement, which practically everyone else wants. But Ayatollah Khomeini's regime wants victory.

For pecuniary and prestige reasons, France was sympathetic to the Iraqi argument early this year that the weapon that sank the British warship H.M.S. Sheffield in the Falkland was need only be waved under Tehran's nose to trim the tables.

There was also a psychological reason. France's nuclear doctrine is based on what is called "the strategy of the weak to the strong." The theory is that enough power to threaten a mightier enemy, even though it will not defeat him, is enough to deter attack. The force is not intended to be used. Iraq seemed to be saying the same thing. But then, Paris was reminded that it could not be so sure.

Iraq announced that if its oil sales were blocked it would block every body's shipments from the Gulf. The United States took that seriously enough to say it would "guarantee" passage through the vital Strait of Hormuz into the Indian Ocean, and sent the U.S. Marines afloat off Beirut steaming around to sit on this even more dangerous powder keg.

Since the point was supposed to be the threat, not the use, of the Super Etendards, the French had a grand idea. If everybody thought the planes were in Iraq, that might serve the same purpose without the risk.

There is a lot to be said for this. It is a bluff, but it is a bluff. It's an ancient trick, and there's some impressive modern precedents.

In 1945 President Harry Truman dropped an atom bomb on Hiroshima. Then he announced a list of 10 Japanese cities and said the United States would drop a bomb on each of them in turn until Japan surrendered. Tokyo did not respond, so a second bomb was dropped on Nagasaki.

The biggest secret was that there were only two bombs. It took another year to produce the third. If Japan had not given up after Nagasaki, the million-man invasion force that the United States was assembling would have been dispatched. The deaths in the fighting would have been several times more than at Hiroshima.

Nikita Khrushchev, the Soviet leader, tried a similar ploy in the 1950s. When he saw that the United States was assembling a force of 100,000 troops in Europe, he threatened to launch nuclear missiles. The Russians had less than half a dozen in all, it was later ascertained. His threats had great political impact, but they failed to break the Western alliance.

Truman won. Khrushchev had a draw. The case of Egypt's Gamal Abdel Nasser was a boomerang. After ordering the United Nations out of Sinai in 1957 and sending in Egyptian troops, he announced that he had mined the Strait of Tiran, which controls entrance to the Gulf of Aqaba and thus the use of Israel's port of Eilat and its access to the Red Sea.

For Israel it was a crisis, and Israel went to war. It won triumphantly in six days. It occupied not only Sinai, which was returned with the Egyptian peace treaty, but Syria's Golan Heights, the Gaza Strip and the West Bank of the Jordan, after Jordan joined the war. Afterward it was discovered that no mines had been sown in the strait. Nasser's bluff was a disaster for the Arabs. The consequences still threaten world peace 16 years later.

The New York Times

LETTERS TO THE EDITOR

An Old Suspicion

The shooting down of the South Korean airliner recalls a Russian threat made nearly three-quarters of a century ago. Yves Guyot, a Frenchman, wanted to demonstrate his belief at St. Petersburg, but a cable to The Washington Post dated Dec. 11, 1909, reported that all attempts to fly there or over other fortified areas were expressly forbidden.

A well known Russian publisher who sought to raise subscriptions to a "national airship fund" had been warned that his proceedings rendered him liable to suspicion — "as aerial craft might be used by revolutionaries and other evil-disposed persons." Thus, "any airship or aeroplane observed within the prohibited area would be fired upon without notice."

HENRY S. VILLARD, Gstaad, Switzerland

Stockholm Would Do

Only Stockholm makes sense as site for the next United Nations headquarters. Never again need Andre Gromyko be inconvenienced by regularly scheduled airline flight. He could make the trip by regularly scheduled submarine.

JACK MCGOWAN

Munich

هكزام النحل

ARTS / LEISURE

The Brilliant Burlington Fair

International Herald Tribune
LONDON — If the number of rarities is the criterion by which an antique dealer's fair may be pronounced brilliant, the Burlington House show, at the Royal Academy to Oct. 29, fits the bill. Thanks to Britain's collecting tradition of the last three centuries, the English trade has been leading in several major areas of the art market.

Even so, one does not expect to stumble across four silver-gilt "Dürer cups," done in Nuremberg about 1570-80 after a design executed by the painter Albrecht Dürer. The cups, displayed by S.J. Phillips, are hard to come by these days, especially those struck with the mark of such great 16th-century Nuremberg goldsmiths as Hans Beutlmüller.

At £120,000 (about \$180,000) a piece they are not exactly cheap. But there comes a point in the art market where certain pieces become so rare — and so indispensable to private collectors — that they cease to bear a direct relationship to those of other objects in the same area.

Where 18th-century gold snuff boxes, 19th-century Fabergé figurines and other costly trinkets are concerned, Worswick is the equivalent of S.J. Phillips — with an additional asset. Kenneth Snowman, Worswick's director, and chairman of the current Burlington House Fair, is the author of standard reference books on such subjects as "Eighteenth-Century Gold Boxes" published in 1956. In that work, he studied, among others, boxes from a major English collection that was on loan to the British Museum until this year.

China, is the polychrome decoration fired at a low temperature over the glaze. An equally extraordinary object was a large bowl decorated with peonies under an amber glaze, made in the Liao kingdom, north of ancient China, in the 10th-11th century. The bowl, drawing with flowing calligraphic curves, the

SOURIN MELIKIAN

form and the glaze, amber inside contrasting with almond green outside, make a unique combination. An anonymous collector snatched it up on opening day for a reported £12,000 — a brilliant buy.

For, with all its splendor, this elegant fair, inaugurated by Princess Alexandra and graced with royal loans — Queen Elizabeth the Queen Mother sent four rolls of 18th-century Chinese wallpaper with miraculously fresh colors never seen publicly before — is not uniformly expensive.

This was borne out by an extraordinary still life on a panel of a garland of roses hung from two nails, dated 1651 and signed by Alexander Marshall. William Drummond, the exhibitor, says only one other, much smaller, oil painting by Marshall is on record.

The still life is executed with supreme skill in an almost Surrealist mood. The petals of the roses, daintily colored in white with patches of yellow and mauve, surpass even Flemish still lifes in their minute precision. The lightness of the com-

position, which stands out eerily against the deep brown ground, is remarkable. But virtually nothing is known about Marshall, and, alas, an unknown genius is never worth a great deal. Hence the £15,000 price. Measured against other Old Masters, it seems ludicrously low.

The other fabulous painting at Burlington House is a portrait of the wife of the French master Simon Vouet (1590-1649), depicting her as the Magdalen. The chiaroscuro effects are derived from the Italian school founded by Caravaggio but the mood is utterly different. There is nothing theatrical about the woman, shown three-quarters against a stormy mountainous landscape. It is a museum piece by the most demanding standards — very few Vouets come on the market.

Another extraordinary piece, displayed by Alex Wengraf, is a vase of the 1890s cast in bronze, its shape derived from Roman amphorae. Whirling blades of grass and plants are rippling over its surface, and huge insets of quartz crystals, amethysts and other uncut minerals appear to burst through its sides. The artist, J. Moreau, has signed his work, and so has the foundry that cast it in the 1890s, the Compagnie des Bronzes de Bruxelles. Again, the price, £15,000, is not wildly exaggerated.

Better still, an effort has been made to bring out rare objects in a moderate price range. The most striking revelation at Burlington House is that English decorative art



Crescent commode is priced at £30,000.

of the highest standard is still available in its homeland at prices far behind those of the other great European arts.

Thomas Crispin of St. Albans, Hertfordshire, displays a chest of drawers made of cedarwood and fruitwood on an oak body around 1660-70. Its architectural appearance reflects the impact of Flemish art after the return of Charles I, but its sturdiness and balance are miles away from Flemish exuberance. Although very few such pieces survive intact, the price is a mere £5,960. Similarly, an oak chest of drawers of the same period with purely geometric molding framing sunken panels was offered at £2,450. If French or Italian, a comparable piece would be worth three times as much.

This may not last long, judging from the prices of English 18th-

century marquetry. The beautiful crescent-shaped commode in the best Chippendale style displayed by H. Blairman and Sons may be cheaper at £30,000 than a French commode of comparable importance, but it is worth considerably more than it would have been five years ago.

At the bottom of its price range, the fair manages to produce such fine pieces as an exquisite Indian ivory pen box at Spink's (£1,250); a fine mid-18th-century blown-glass leech bowl at Harriet Wymers (£550) or, best of all, a Chinese pewter teapot of the mid-19th century covered with incised calligraphy and signed twice by the calligrapher, at Sydney Moss's for £450.

No recent fair has managed to be quite as attractive all the way down its price scale. A jolly good show, as they say this side of the Channel.

Turner's Enigmatic Immateriality

By Michael Gibson
International Herald Tribune

PARIS — James Mallord William Turner (1775-1851) appears like a meteoric figure in the history of art and remains one of the most secretive and enigmatic of all Western artists.

He is a virtuoso whenever he deals with subjects that really appeal to him (the human face and figure were not among them), and the current show of about 250 of his works, including some unfinished, at the Grand Palais through Jan. 16 is a dazzling gathering of visions and revelations. (There also is a show of his watercolors in Bordeaux's Musée des Beaux Arts through Nov. 27, then in Calais Dec. 3 to Jan. 16.)

Turner's father was a Covent Garden hairdresser and his mother, a troubled soul given to unaccountable rages, was taken to Bedlam when Turner was still a small boy. Her outbursts must have given the child that inclination to secretiveness that is clearly to be felt in his paintings. The family had the shopkeeper's mentality of the day, thrifty, conventionally submissive and respectful of wealth and position, and it was in this unlikely environment that Turner's genius grew.

Something about Turner escapes us even when his intention seems obvious. This is not true of Claude Lorrain, for instance, whom he admired, nor of Rembrandt, nor even Goya at his strangest. We can participate in Claude's Arcadian dream, Rembrandt prompts us to see the frail humanity of his subjects, and Goya to recognize the shadows of bad dreams.

Turner, however, is a visionary who shrouds his visions in light. In many of his paintings the underlying symbolism that gives organic coherence to the work of any artist seems, for some reason, out of our reach. Looking at the immateriality of these scenes, it is strange to think that Ruskin, who admired Turner above all others, founded his admiration on the painter's supposed realism.

Turner's dominant theme is ostensibly light itself — light, the sea, the elements in all their aspects. When he paints Venice, his real subject is not Venice itself, but the light that bathes the city. Yet light is the *extensible* theme and we cannot really tell what lies beyond it.

It could also be said that Turner's subject is nature, a dominant, slightly, overwhelmingly seductive presence, and at the same time almost an abstraction. It could best be described as a mystic apparition, a luminous revelation in a whirlwind — at least in the paintings one would consider the most characteristic of his work.

Turner was a keen observer of nature, and especially of its great upheavals: the surge of the breaking wave, the eruption of a volcano (he traveled from Rome to Naples to see one), the tremendous spectacle of the British Parliament in flames, or the overwhelming force of the elements. All his biographers mention his having himself lashed to the mast of a ship on the Channel so that he could feel the power and the hues of a storm at sea.

This might be interpreted as "realism" or "romanticism," but I suspect that it was something more timeless than either: a desire to penetrate beyond the appearances he so carefully studied and to enter that abstract area to which his later paintings so persistently refer.

Turner can also appear perplexing when we begin to look at him more closely as a man, perhaps because he was that strange Dickensian mixture of the conventional and the idiosyncratic. He wrote the sort of bad doggerel one often sees under corny 19th-century prints, and he occasionally committed it to print in his catalogs. He sought secret solace from bachelorhood with the girls at Margate, and later

in life, he rented rooms under the name of his late housekeeper, Mrs. Booth, where he came and went undisturbed, wearing a navy man's cap and the assumed name of Captain (or, alternately, Admiral) Booth.

In the final analysis, it may appear that the real content of his work is the language of color. Color, like music, is a pure expressive and emotional value that can be touched by convention, but which speaks to us directly and without the assistance of reason.

One painting, perhaps, allows us to grasp something of Turner's color symbolism in a form that allies convention with deep personal feeling. "Peace — Funeral at Sea" (1842) refers to the death and burial at sea of Turner's friend the painter Sir David Wilkie on a quarantine ship off Gibraltar.

All we see is the black ship with its black sails of mourning, made blacker still by the contrast of the light bursting from it. In the foreground flies an inky black duck — a mullard, to be sure — which, by means of a pun, signifies Turner's symbolic presence at the event. The work is impressive even when we know nothing of its subject, for Turner has used the grim blackness

of the industrial world of his day, its coal and steam and tar, to give the mood of his dark funeral music.

But having painted this, he undertook a second work, conceived as a pendant to the first: "War — The Eagle and the Limpet," which depicts Napoleon in exile at Saint Helena's meditating, according to Turner's attempt at quatrain, on the relative freedom of the limpet. The apparition of Napoleon's familiar figure (rather awkwardly rendered) in an immaterial, purely lyrical Turner landscape is perfectly incongruous, and so, of course, is the invisible limpet. But Turner, who enjoyed bad puns, no doubt enjoyed this eccentric incongruity.

Turner was, in a sense, self-taught, for he learned from the major artists of the past he discovered during his travels. His first great admiration was for Nicolas Poussin (whom he later found too restrictive) and for Lorrain. He also discovered Rembrandt and the Dutch and learned from all of these and, in the course of his long career, admirably presented in this show, he applied their lessons. He is an artist of great diversity who was, in a sense, too singular for his period. I suspect that this singularity still escapes us to a great extent even today.

Uncut 'Heaven's Gate' Is London Hit

By Ed Blanche
The Associated Press

LONDON — "Heaven's Gate," the costly Western that was massacred by New York film critics in 1980, is back in an uncut version that has packed a London cinema and drawn raves from British reviewers.

"The major Western of the '70s, an exceptional film," and "not a film to be missed" were some of the accolades London reviewers gave Michael Cimino's epic about immigrant settlers fighting land barons in Wyoming in 1890. The film was booked for a two-week run, but it is still going strong after five weeks.

At its debut in November 1980, The New York Times' Vincent Canby wrote: "Watching the film is like a forced four-hour walking tour of one's own living room."

Kathleen Carroll of the New York Daily News said then: "Frankly, had the movie been filmed entirely in Russian without English subtitles it might have made more sense."

United Artists spent \$36 million to make "Heaven's Gate" — three times the original budget. At the time, said Variety, it was the third-most expensive film ever. The film came to symbolize sky-the-limit spending in Hollywood.

After the disastrous reception in New York, the film's U.S. bookings were canceled, 75 minutes of it were cut, and in April 1981, it was released — and panned — again in Los Angeles.

A London critic who hated the edited version when it was briefly shown here in September 1981 ate humble pie in her review of the current run. "If you thought you saw 'Heaven's Gate' the first time around, believe me, you didn't," wrote Margaret Hinxman of the Daily Mail. "I've had the pleasure of seeing Cimino's masterpiece as he originally conceived it."

The drastic editing "destroyed the pace and rhythm" of Cimino's work, she said. But in the full ver-

sion, "relationships and incidents in the plot that made no sense when I first saw it now fall naturally into place. It isn't a flawless film — it's still too long, but it's a beauty."

Adrian Turner, program director at London's state-aided National Film Theatre, worked to get the uncut version shown here. He first convinced the movie's British distributors, UIP, to show the original 70mm version in August at a festival about immigrants in the United States.

"There's been an amazing response," Turner said in an interview. "I was surprised at the reversal of opinion by the critics here. It's very rare for a film that got such a drubbing to be so acclaimed on a second run."

Since its disastrous debut, the full-length version has only been shown at film festivals and some European art cinemas.

"There are at least 30 cinemas in Britain that would dearly love to show the uncut version," Turner said. "The problem is that it's only available on a 70mm print. It badly needs a 35mm print to get a wider

commercial showing. That's sad because this is a classic, one of the few really great American films of the last 20 years."

David Castelfranchi said in The Sunday Telegraph: "The truncated film was disappointing and confusing. The restored version is little short of magnificent. . . . Here is the major Western of the '70s, an exceptional film."

The Times of London's Geoff Brown said of the film: "One emerges from the complete 'Heaven's Gate' dubious, perhaps, about its intellectual worth, but dazzled and moved by its magnetic power."

The only sour comment came from the London Standard's Alexander Walker, who wrote: "A martyred masterpiece stubbornly failed to materialize before my hopeful eyes. . . . I hope I will be the 'Gate's' positively last opening."

Cimino, said Turner, came to London for the revival and was "thrilled to bits." The filmmaker, whose "Deer Hunter" won five Academy Awards in 1978, including Best Director and Best Film, has made no movies since "Heaven's Gate."

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BUSINESS BRIEFS

Atari Is to Postpone Most Shipments Of 2 Computers Until After Christmas

LOS ANGELES (LAT) — Atari Inc., the troubled electronics unit of Warner Communications Inc., which has had losses of \$536 million so far this year, will delay most shipments of two new home computers until after the crucial Christmas selling season, company officials said.

"They're in trouble," said Lee Igar, a securities analyst for New York-based Paine Webber Mitchell Hinchins Inc., who said he had received assurances Tuesday from Warner that shipments of the new, high-performance 1400 XL and 1450 XLD home computers would begin by month's end.

Unless Atari can quickly escalate its shipments of two new lower-priced computers called the 600 XL and 800 XL, Mr. Igar said Thursday, "I think they're washed up in terms of computers."

Don Kingsborough, the chief of Atari's sales and distribution, said Atari would have shipped about 100,000 units of its two lower-priced home computers by week's end, and does plan to begin shipping the 1400 XL and 1450 XLD computers in limited quantities during December. The company attributed the nearly two-month delay in large shipments to "fairly normal" problems in making new products.

Dow Jones Wins Fight Over Average

SPRINGFIELD, Illinois (AP) — Use of the Dow Jones industrial average for futures trading at the Chicago Board of Trade would violate Dow Jones & Co.'s proprietary rights over the average, the Illinois Supreme Court ruled Friday.

The ruling will prevent the Board of Trade from establishing a futures contract based on the average, the U.S. stock market's best known measure, which averages 30 industrial stocks.

Thomas P. Cunningham, chairman of the CBT, said there were no plans to ask for a rehearing or appeal the decision. He said the exchange on Wednesday completed an agreement with the American Stock Exchange to establish futures based on the Ames Major Market Index and the Ames Market Value Index. Options contracts on those stock indexes already are traded at the Amer.

Harvester Says It Has Debt Extension

CHICAGO (Combined Dispatches) — International Harvester Co. said it had obtained approval from its 20 largest creditors for more time to pay its debt.

The agreements, which cover almost half of Harvester's estimated \$3.5 billion in debt, are still subject to approval by Harvester's board early next year. The company's 180 other creditors will review the agreement before the end of the year, Harvester officials said.

"Once these new agreements are finalized, we can manage our business in 1984 and beyond," Donald Lennon, Harvester's chairman and chief executive officer, said Thursday in announcing the pact. (AP, Reuters)

W. German Bank Credit Increases

FRANKFURT (Reuters) — September bank credit to the private sector grew at the same high speed as it did in August, rising by 15.1 billion marks (\$5.85 billion), compared with 9.7 billion DM a year earlier, the Bundesbank said Friday.

Commenting on the latest money-supply figures, it said the expansion of short-term credit quickened again at a seasonally adjusted rate compared with preceding months, while growth of long-term bank credit slowed, but still remained high. In the past six months, bank credit to the private sector rose at a seasonally adjusted annual rate of 9 percent.

Bank lending to public authorities rose only 100 million DM in September.

10 European Airlines Sue U.S. Agency

WASHINGTON (AP) — Ten European airlines sued the Federal Aviation Administration Thursday, asking at least \$100 million in damages because they could not fly their DC-10s to and from the United States for 18 days in the summer of 1979 after their governments certified the planes were safe.

All DC-10s were grounded in the United States from June 6 to July 13, 1979 following the crash of an American Airlines plane in Chicago that killed 273 people.

Foreign governments followed suit on June 6, but the airlines contended in their suit in U.S. District Court that inspection and special maintenance led to restoration of their European certificates June 19 and therefore the United States was bound by treaty to honor them when requested to do so June 25. The FAA did not permit foreign DC-10s into the United States until July 13, when U.S. models were permitted to fly again.

Alcoa Reports Profit for 3d Quarter

PITTSBURGH (AP) — Aluminum Co. of America reported Friday a third-quarter profit of \$57.7 million, or 72 cents a share, in contrast to a year-earlier loss of \$14.4 million. Revenue rose 20 percent to \$1.39 billion from \$1.16 billion.

Allianz Bid for Eagle Star Grows Increasingly Bitter

By Hugh Pain

Reuters

LONDON — A new and bitter takeover battle is looming in Britain after a rejection by Eagle Star, one of Britain's leading insurance companies, of a bid from Allianz Versicherungs of West Germany.

Following an increasing trend, the British company has brought the boardroom battle into the public arena by buying space in newspapers to declare: "Eagle Star board rejects derisory bid by Allianz."

"The bid is clearly grossly inadequate," Eagle Star told its shareholders and millions of other people, most of whom do not own any shares. The ad advised Eagle Star shareholders to reject the Allianz offer of 500 pence (\$3.33) a share.

The advertisement marked the end of the negotiation phase in the Allianz's attempt to move into the London insurance market, where insurance-premium income approached \$20 billion last year.

Allianz, based in Munich and West Germany's largest insurance company with around 15 percent of the market, cannot expand domestically without raising questions from the West German cartel of insurance companies.

During the past decade it has built up foreign insurance holdings linking companies in Australia, Chile, South Africa, Singapore, Austria, Spain and the United States.

In 1982 its subsidiaries outside the European Community accounted for 15.5 percent of its total premium income of 13.9 billion Deutsch marks (\$5.38 billion), while the contribution from within the EC totaled 20.6 percent.

In Britain, 75 percent of Allianz's business was handled by Eagle Star, Britain's sixth-largest insurance group.

Two years ago Allianz acquired 27.8 percent of Eagle Star's shares at a reported 290 pence each in two

steps, each time buying up available shares on the market, and then began discussions on closer cooperation.

Sir Denis Mountain, Eagle Star's chairman and grandson of its founder, has vigorously opposed Allianz's attempt to extend its influence over his company, and the British insurance industry has been generally hostile to West German interests.

Allianz said the main reason for its decision to make a full offer for Eagle Star was its desire for representation on the company's board and broader control of the company's operations. Allianz added that it wanted to keep a majority of the directors, including its representatives, British and that it was not seeking active day-to-day management of the group.

While it has become clear that Eagle Star directors were not opposed in principle to the Allianz proposal for board representation and increasing its minority stake to 40 percent, their suggested ac-

ceptance terms were unreasonably burdensome from Allianz's viewpoint. Allianz has described Eagle Star's conditions as "extremely and unwarrantedly onerous."

On Oct. 12 it again brought up shares on the open market, this time lifting its holding to 29.99 percent — the maximum permitted by British takeover panel if a company is unwilling to be acquired unless the bidder openly offers to buy the whole company.

Then on Wednesday Allianz moved to acquire all of Eagle Star, with an offer giving the British company a market value of \$692 million.

The shares jumped from 468 pence to 540 pence before settling at 523 at Friday's close. Optimists are speaking of a future price as high as 850 pence, but few acceptances are foreseen.

Eagle Star, unlike most British insurance companies, has profitable diversified holdings, including a industrial holding company, that could persuade shareholders that it has bright prospects under present ownership.

Eagle Star has several other ways of resisting the unwanted takeover offer. It can appeal to the British Monopolies Commission or the European Commission over the ease with which companies in other EC states can buy into the London insurance market while British companies are faced with obstacles that prevent them from buying into the West German or French market.

Or alternatively, Eagle Star may seek a "white knight," a more acceptable bidder for control, although none has come to the fore.

Insurance analysts said the market is looking at several possible moves by Allianz. They said the company could improve its offer to try to achieve its apparent objective of a 40-percent stake, or the company could wait until its bid lapses next month.

Bank of Japan Cuts a Key Rate By 1/2 Point, to 5%

(Continued from Page 7)

high U.S. interest rates were propelling the dollar.

The discount rate is the key rate in Japan, a nation in which the central bank has greater direct control of interest rates than, for example, the Federal Reserve has in the United States.

For instance, the short-term prime rate for corporate loans is pegged at half a percentage point above the official discount rate. Banks can shave a bit off the cost of such loans to preferred corporate clients by lowering related fees, but their leeway in pricing loans is limited.

Overseas Bond Sales

The Japanese government plans to submit legislation to the next regular session of parliament to enable it to sell national bonds abroad. Finance Minister Noboru Takeshita said Friday, Reuters reported from Tokyo.

Argentine Firms Try to Survive Chaos

(Continued from Page 7) ers are having problems obtaining the synthetic fibers, dyes and chemicals they need. "These companies already were in poor financial shape so they couldn't stockpile any of the raw materials," he said. Some foreign raw-material suppliers are willing to give the Argentine companies credit but others do not, and companies often must pay through the black market to get vital raw materials, the executive said.

The president of a company that imports graphite electrodes said it must depend on the "understanding and cooperation" of its suppliers to overcome government regulations. "Making the payment is the problem," the executive said. "For the moment, our suppliers

Brazilian Congress's Repudiation Of Wage Law Threatens New Loans

By Martin Baron

Los Angeles Times Service

NEW YORK — The Brazilian legislature's repudiation of a wage law threatens to disrupt efforts by the International Monetary Fund and international banks to assemble \$11 billion in new loans for the country, banking sources say.

If the loans are not in place by mid-November, Brazil will be unable to make payments on its foreign debt of more than \$90 billion, the sources said Thursday.

A default by Brazil, the developing nation with the largest debt, would undermine the stability of the world financial system.

Brazil already is \$3.5 billion behind on its interest payments. Banks will report massive losses on unpaid Brazilian loans if a new plan is not in place by the end of the year, and if lending under previous agreements does not resume. As a condition for renewed lend-

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Immer wird es wagemutige Spekulationen geben, die an der Börse ihr Glück machen. Alles, was man dazu braucht, sind ein paar Aktien, die man zum richtigen Zeitpunkt kauft. Zu Börsengewinnen braucht man kein Studium. Chancen gibt es Tag für Tag. Die Börsenstars von gestern heißen Daimler, NSU oder Preussag. In den USA konnte man mit Aktien wie IBM, Polaroid oder Boeing reich werden. Auch morgen und übermorgen werden Sie von großen Börsensternen hören. Die chancenreichen Anlagen der Zukunft werden im Börsendienst "SWINGTREND" vorgestellt.

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Die Aktie des bekannten Flugzeugherstellers Boeing wurde von "SWINGTREND" zum Kauf empfohlen, als der Konzern knapp der Pleite entkam. Genau im Mai 1975. Bis zum Jahre 1980 stieg der Preis um 700%. Zu diesem Zeitpunkt erschienen in der Börsenpresse phantastische Meldungen über die künftigen Chancen der Aktie. Das Börsenpublikum stieg in Scharen ein. "SWINGTREND" empfahl jedoch Gewinnmitnahmen und gleichzeitig Ver-

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Die Empfehlungen von "SWINGTREND" waren seit 1968 erfolgreich. Auch in den letzten Jahren und auch im Jahre 1983. Die Aufwärtstrendbewegung der deutschen Aktien wurde von unserem System voll erfaßt. In der Nähe von Höchstkursen werden starke Gewinnmitnahmen empfohlen. Beispiele: DEUTSCHE AKTIEN: Stollwerck + 1600%; PKW + 423%; Allianz Leben + 235%; MKA + 173%; BMW + 162%; INTERNATIONALE AKTIEN: Asahi Oil + 315%; Parion + 223%; MKA + 146%; Boeing + 137%; NCR + 133%. GOLDAKTIEN: Glent Yellowknife + 194%; Kroll Gold + 187%; Homestake + 181%; Campbell Red Lake + 179%; Val Dore + 145%. (in TONNENSCHÜFFEN: Taseco Instruments + 1100% (in Wochen); ASA + 1047%; Dome Mines + 950%; Burroughs + 860%; TeleType + 422%. TERMINESCHÄFTE: Standard & Poor's Kontext + \$ 25 000 Gewinn usw.

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Pickens's Plan to Divide Gulf Divides Analysts

Oilman's Move Raises Question: Is Sum of Parts Greater Than the Whole?

By Steven Greenhouse
New York Times Service

NEW YORK — T. Boone Pickens Jr., the Texas oilman and stock speculator, announced this week that a group he leads has bought 8.75 percent of Gulf Oil Corp. to produce "a significant appreciation" of Gulf's stock through a re-structuring of the company. But Wall Street analysts are divided over whether his plan to break up Gulf into smaller companies — or possibly create a royalty trust — would mean greater value for shareholders.

Gulf stock, Mr. Pickens has said, is undervalued. He contended that his plan would push its price closer to \$114 a share. The stock closed Friday at \$46.50 a share, up 50 cents.

Analysts said Mr. Pickens would like to split Gulf into four companies — for example, production, refining and marketing, chemicals and minerals — and believes that the stock shareholders would get in these separate companies would be worth far more than what they hold now.

But "this faddish about breaking up a company and getting a share of it is worth is generally without thinking," commented one Wall Street analyst. "The sum of the

parts is not necessarily greater than the whole."

Some other analysts, however, look more kindly upon Mr. Pickens's plan. Edward P. Reilly of Fidelity Investments said: "If it were split into several component companies, the stock would be worth a hell of a lot more than it is now. Stock usually sells at 60 to 80 percent of a company's appraised value."

Mr. Pickens, the chairman of Mesa Petroleum Co., heads a group of investors that announced earlier this week that it had spent \$630 million to purchase the 8.75-percent share in Gulf and had enough available credit to buy more.

Gulf has counterattacked, arranging for \$6 billion in credit to fend off Mr. Pickens's challenge, perhaps by buying him out. It also plans to reincorporate in Delaware, a move that would abolish cumulative voting for board seats — and make it more difficult for dissidents to get elected.

Gulf is emerging from a difficult year. In 1982, its \$30.2 billion in revenues were flat compared with a year earlier and its net income dropped to \$900 million from \$1.2 billion in 1981.

While Gulf's exploration and production division, with operating

income of \$1.5 billion on revenue of \$8.2 billion last year, appears strong because of recent oil discoveries, its other divisions are in the doldrums. Its refining and marketing division, suffering from the overcapacity affecting the rest of the industry, had a loss in 1981 and earned just \$400 million on revenue of \$18.4 billion last year. It recently sold most of its European refining and marketing facilities to Kuwait and closed its heating-oil and service-station operations in several states.

"If you separated the oil and gas assets from the refining and marketing assets," said R. Bryan Jacobson, an analyst at Paine Webber Mitchell Hutchins, "the refining and marketing assets wouldn't be worth very much. You try to sell refineries or service stations in the market and you're going to have problems. Look at all the refinery closings and setbacks in these states."

At the same time, Gulf's chemicals division, which had a \$328-million loss on revenue of \$2 billion last year, is suffering from depressed prices. Also limping along is Gulf's minerals division, which earned just \$13 million last year.

According to several analysts, the lackluster performance of the chemicals and minerals divisions means that if sold off separately, they would fetch far less than their book value.

But other analysts take a rosier view of Gulf's components.

Philip Dodge, an oil analyst at Donaldson, Lufkin & Jenrette, said Mr. Pickens's efforts are a response to the widespread belief that the full underlying value of integrated

oil companies is rarely made available to shareholders through dividends because earnings are instead disproportionately reinvested.

Pickens's approach would overcome this problem by taking various parts of the company and making more of it available to the shareholders sooner, Mr. Dodge said. He said a "perfect example" would be the formation of a royalty trust.

Such a trust could include the company's mature oil wells and pay the royalty income from those wells directly to the shareholders instead of first to the corporation and then to shareholders. By directly paying royalties to shareholders, such an entity would avoid double corporate taxation. And the tax advantage of the depletion allowance on those wells would be renewed and also passed on to those shareholders.

Some analysts said it was highly unlikely that a major integrated oil company would create such a trust. They noted that when trust shares were distributed, shareholders would have to pay taxes on those shares as they were dividends.

In a study released last August, John S. Herold Inc., an analyst based in Greenwich, Connecticut, found that as of Dec. 31, 1982, Gulf's inflation-adjusted net worth was \$19.7 billion, or \$114 a share, the figure that Mr. Pickens has been quoting. Before subtracting liabilities, Mr. Herold found that Gulf's assets came to \$10.5 billion in crude-oil reserves, equal to \$61 a share; \$4.8 billion in natural gas reserves; \$3.3 billion in refining and marketing facilities; \$1 billion in mining reserves, and \$800 million in chemical facilities.



T. Boone Pickens Jr.

Many analysts said Herold's figures were "within the ballpark," with Gulf stock currently undervalued based on net worth of assets. Others maintained the figures might be inflated by up to 20 percent.

"I think Gulf's stock is greatly undervalued; it's severely under its book value of \$60 a share," said Alvin D. Silber, a Dean Witter Reynolds analyst. He noted that the per-share value of just Gulf's oil reserves is greater than the current stock price.

Some analysts maintained, however, that Gulf's price was reasonable based on its earnings. In the first six months of this year, Gulf earned \$2.38 a share, and analysts predict its earnings for 1983 will be about twice that.

"If you say stock value should be about eight or ten times earnings per share, then the current price is about right or perhaps even a little high," said Mr. Jacobson of Paine Webber.

Mitsubishi Electric Fined After No Contest Plea in IBM Secrets Case

The Associated Press

SAN JOSE, California — Mitsubishi Electric Corp. has been fined \$10,000 after pleading no contest to charges that it had conspired to transport stolen International Business Machines Corp. trade secrets to Japan. Two of its employees were also fined \$10,000 each, after pleading guilty to accusations of conspiracy in the case.

Mitsubishi's no contest plea, entered Thursday, is not an admission of guilt, and therefore does not affect the company's ability to do business in the United States.

The two company employees, Kazuma Ban, 44, of Japan, a deputy department manager who lives in Japan, and Takaya Ishida, 41, an engineer from Torrance, California, pleaded guilty through interpreters to conspiracy charges. U.S. District Judge William A. Ingram fined each \$10,000 and placed them on unsupervised probation.

Two other employees of the company, along with Hitachi Ltd. of Japan and 17 other people, were indicted after FBI undercover agents, aided by IBM, posed as computer consultants with access to IBM trade secrets. The conspiracy charges were filed in mid-1982.

Hitachi and two of its employees pleaded guilty to conspiracy on Feb. 8 and were fined \$10,000 each. IBM's chief trial attorney, Thomas Barr, told the judge that he had no evidence that IBM had suffered damages in the case and said IBM does not intend to sue Mitsubishi.

The indictment, issued July 19,

1982, alleged that Mitsubishi and its four employees conspired from December 1981 through June 1982 to have items stolen from IBM. During that time, the government, said an FBI undercover agent received \$26,000 for information passed from IBM.

In the Hitachi conspiracy case, settled in February, Hitachi officials admitted to authorizing \$540,000 in payments for information about IBM computers. They said they did not know that it had been illegally obtained.

A civil suit brought by IBM was settled out of court earlier this month when Hitachi agreed to return documents to IBM and gave it broad inspection rights of new Hitachi computer equipment.

Indictments against two other Mitsubishi employees who are in Japan will be dismissed if they agree to submit to the court's jurisdiction under agreements approved by the judge.

Nine Hitachi employees have refused to come to the United States for trial and charges against them are still pending.

Seoul's Auto Exports Rise

SEOUL — South Korean exports of motor vehicles rose 36 percent to 23,600 vehicles in the first nine months of this year from 17,400 a year earlier, the Korea Auto Industries Cooperative Association said Friday. The value of the exports was \$66.1 million, up from \$51.9 million.

Price	Nov.	Dec.	Jan.	Feb.
100/100	100.00	100.00	100.00	100.00
200/200	100.00	100.00	100.00	100.00
300/300	100.00	100.00	100.00	100.00
400/400	100.00	100.00	100.00	100.00
500/500	100.00	100.00	100.00	100.00

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Will You Make a Fortune as Dollars Fade?

Profits Will Soar in Key Growth Areas as Currencies Swing

IQO buying signals in Deutsche Mark and Swiss franc futures are starting to develop at ascending levels — confirming our view of the August lows that the post-82 bull market was ready to launch its second leg. There have been corrections since initial prices of 125 points on the Dow-Jones scale and 2 1/2 cents for D-Marks, but in the hard currencies and in shares of multinationals with aggressive European marketing, there is measurably weakening of selling pressure during dips. You may want to make major portfolio-strategy revisions if this is the beginning of a serious turn in currency relationships. For example, one medium-sized distributed stock processing company which lost \$25 million in potential profits as the hard currencies turned down could enjoy an escalation of similar size during a rebounding of European currencies with our technicians expecting the shares to triple in merely a preliminary advance. Healthier European supply-demand balances where raw materials such as the metals have been considered in oversupply. In addition to the basic IQO growth fund, up roughly 90 percent since '82, the managers have started on an IQO GOLD FUND which will concentrate on anticipated revitalization and leveraged growth possibilities in this area. Telephone, telex or return the coupon for complimentary copies of weekly chart-illustrated reports describing the turn and pinpointing opportunities for gains expected to duplicate the selected multiple leaps of the bull market's initial surges.

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Oct. 21, 1983

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IBM May Plan New Push in Services

By Paul Richter
Los Angeles Times Service

LOS ANGELES — International Business Machines Corp. has announced the creation of a new IBM Information Services unit, which will manage three existing groups, in what analysts take as a signal that the giant computer maker may be preparing for a more aggressive role in the data-processing-services business.

In a statement issued Thursday, IBM said the new unit would combine the current IBM Information Systems, which offers remote computing services and data networks, with its Information Programming Services, which develops and acquires computer programs. The third unit is the Information Systems Services, which offers custom software and consulting services for IBM system users.

Each of the three organizations and the resulting combined group operate to a large extent independently of their parent company. An IBM spokesman said the reorganization would "certainly focus attention more closely" on the company's data-processing-services business, and would make operations "a little more efficient and a little more coordinated."

But he said IBM did not intend to add staff to the new unit. He declined to provide figures on the current staffing of the groups.

Analysts said a new push in data-processing services would pit IBM against such companies as American Telephone & Telegraph Co., based in New York, Automatic Data Processing Inc. of Clifton, New Jersey, and Computer Systems Corp. of El Segundo, California.

"They noted that IBM has moved into a number of new markets in the past two years, and Monday the company signaled its intent to expand its role in the office-automation business with the presenting of a series of new products."

Frank Gens, analyst with the Boston-based Yankee Group market-research company, said that less than 1 percent of IBM revenue

now come from data-processing services. But he said that figure could reach nearly 10 percent by 1990.

He said IBM may hope to boost revenue from "outworking," in which a data-processing company shuttles information between a client's distant offices, and from remote-data services, in which a firm handles data processing via telephone lines.

"It makes sense that IBM would be trying to grow in this kind of omnibus data-processing business," Mr. Gens said. "All sorts of companies are trying to get into it."

He said a larger remote-data-services business would be useful to IBM because it would increase its contacts with small business and professional offices, which are large purchasers of such services.

The three IBM units are far-flung. According to the spokesman, the IBM Information Network has operations in Tampa, Florida, and corporate headquarters in Greenwich, Connecticut. The Information Programming Services has staff in Atlanta and Dallas, while Information Systems Services has its head quarters in Irving, Texas.

COMPANY EARNINGS

Revenue and profits, in millions,
are in local currencies unless otherwise indicated

Canada

Cons.-Bathurst

3rd Quarter, 1983 1982 1981

Revenue 355.9 393.9 425.9

Profit 7.5 8.4 9.3

Per Share 8.22 8.29 8.39

9 Months 1,044 1,070 1,096

Revenue 1,044 1,070 1,096

Profit 1,044 1,070 1,096

Per Share 1,044 1,070 1,096

United States

Alcoa

3rd Quarter, 1983 1982 1981

Revenue 577.2 (101.54)

Profit 0.72

Per Share 0.72

9 Months 1,644 1,644 1,644

Revenue 1,644 1,644 1,644

Profit 1,644 1,644 1,644

Per Share 1,644 1,644 1,644

Central Sth West

3rd Quarter, 1983 1982 1981

Revenue 80.4 72.59

Profit 14.36 19.99

Per Share 1.22 1.14

9 Months 241.3 218.3

Revenue 241.3 218.3

Profit 241.3 218.3

Per Share 2.31 2.01

Colgate-Palmolive

3rd Quarter, 1983 1982 1981

Revenue 54.4 52.17

Profit 0.46 0.49

Per Share 0.46 0.49

9 Months 163.2 156.51

Revenue 163.2 156.51

Profit 163.2 156.51

Per Share 1.37 1.31

Combustion Eng.

3rd Quarter, 1983 1982 1981

Revenue 1.63 1.63

Profit 0.21 0.21

Per Share 1.35 1.35

9 Months 4.89 4.89

Revenue 4.89 4.89

Profit 4.89 4.89

Per Share 4.05 4.05

Cummins Engine

3rd Quarter, 1983 1982 1981

Revenue 1.54 (1.0492)

Profit 1.54 1.54

Per Share 1.54 1.54

9 Months 4.62 4.62

Revenue 4.62 4.62

Profit 4.62 4.62

Per Share 4.62 4.62

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9 Months 1,326 1,326

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